

# THE DEPARTMENT OF HOMELAND SECURITY'S BUDGET SUBMISSION FOR FISCAL YEAR 2007

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## HEARING

BEFORE THE

### COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

MARCH 1, 2006

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# **THE DEPARTMENT OF HOMELAND SECURITY'S BUDGET SUBMISSION FOR FISCAL YEAR 2007**

**WEDNESDAY, MARCH 1, 2006**

U.S. SENATE,  
COMMITTEE ON HOMELAND SECURITY  
AND GOVERNMENTAL AFFAIRS,  
*Washington, DC.*

The Committee met, pursuant to notice, at 9:34 a.m., in room SD-342, Dirksen Senate Office Building, the Hon. Susan M. Collins, Chairman of the Committee, presiding.

Present: Senators Collins, Voinovich, Coleman, Bennett, Warner, Lieberman, Levin, Akaka, Dayton, Lautenberg, and Pryor.

## **OPENING STATEMENT OF CHAIRMAN COLLINS**

Chairman COLLINS. The Committee will come to order.

Good morning. Today, the Committee will review the Department of Homeland Security's budget submission for fiscal year 2007. I am very pleased to welcome Secretary Chertoff back to the Committee.

Three years ago today, the Department first opened its doors. As we review the implications of this budget proposal for our homeland security, we must do so in the context of both the accomplishments and the deficiencies of the past 3 years.

The 2007 budget proposal requests \$42.7 billion in funding, an overall increase of 6 percent. The President's budget includes a number of funding increases that will help the Department make America stronger and the American people safer.

For example, it provides increases for Customs and Border Protection and Immigration and Customs Enforcement to better secure our borders and to help bring an end to the "catch and release" practice of not detaining those who are here illegally and who are caught by law enforcement officers. It also prioritizes intelligence gathering and analysis at the Department.

In addition, the budget would create an office within the Department to oversee the security of chemical facilities. This is of particular interest to me as I have held four hearings on chemical security and have introduced bipartisan legislation with Senators Lieberman, Coleman, Carper, and Levin to authorize the Department to establish performance-based standards to enhance the security of our chemical plants.

But there are other aspects of this budget that I find troubling. The mission of DHS cannot successfully be accomplished from

Washington alone. The Department must rely on a strong partnership with State and local governments. Yet the Administration proposes to cut grants to State and local governments, to police, to firefighters, and to other first responders.

These grants helped train and equip our first responders and include providing them with funds for interoperable telecommunications equipment. As we have seen time and again, from September 11 to Hurricane Katrina, this training and equipment are essential to an effective front-line response to catastrophes.

There are other areas where I believe the funding is insufficient. Although this budget recommends a 4 percent increase for the Coast Guard, this amount is inadequate given the enormous expansion of the Coast Guard's responsibilities for homeland security since September 11 as well as the proposed new mission for the Coast Guard of being responsible for the National Capital Region Air Defense.

Nor does the budget adequately fund the Coast Guard's non-homeland security missions. Indeed, under the proposed budget, the Coast Guard would suffer cuts in areas such as search and rescue, maritime safety, and environmental protection. The cuts to search and rescue are particularly incomprehensible in light of the Coast Guard's extraordinary, heroic performance during Hurricanes Katrina and Rita.

I am also very concerned that the proposed budget maintains the Deepwater Program as a 25-year acquisition project, causing us to continue to spend tremendous sums on legacy assets that are near or past their service life.

And I will note that the Coast Guard, in response to inquiries from Senator Lieberman and myself in years past, has estimated that you could save literally more than a billion dollars by accelerating the Deepwater Program to a 10-year recapitalization.

The silver lining of the reaction to the pending sale of Peninsular and Oriental (P&O) to Dubai Ports World is that it has served to highlight another critical issue, and that is port security. Last November, Senators Murray, Lieberman, Coleman, and I introduced the GreenLane Maritime Cargo Security Act based on our years of work and investigations into port security.

This comprehensive legislation authorizes \$835 million for programs and initiatives to better secure our Nation's ports. It provides strong direction to the Department regarding the crucial next steps in supply chain security.

Regrettably, the Administration's budget shortchanges port security. It does not dedicate a separate funding stream for port security grants, whereas our bill would provide \$400 million for that purpose. The budget request folds port security in with all other transportation and critical infrastructure grants, thus providing no assurance of funding to strengthen the security of our ports through port security grants.

I would note that this budget proposal was developed in the aftermath of Hurricane Katrina. While the Committee's investigation of Katrina has highlighted many outstanding performances, such as by the Coast Guard, our investigation has also revealed a great many failures across the partnership of government agencies at all levels charged with disaster preparation and response.

The failures at the Department of Homeland Security are profound and disturbing since the Department bears the ultimate Federal responsibility for effective preparation and quick response. I am encouraged, therefore, that the Department is requesting \$50 million for a National Preparedness Integration Program, a new initiative designed to strengthen the Nation's capacity to prepare for and respond to natural and other disasters. I look forward to discussing with the Secretary how this new initiative and the overall budget will help produce far better results than we saw with Hurricane Katrina.

Finally, of course, we come to FEMA. From the delayed, uncoordinated, and ineffective response to Katrina to the recurring and ongoing waste, fraud, and abuse that afflict the relief programs, the performance of FEMA during this disaster has been a disaster itself.

The budget provides for a 10 percent increase to begin strengthening FEMA. But I remain concerned that the problems Katrina exposed require not only more resources, but also better leadership and a more integrated culture at DHS.

A budget is primarily about money, but it is about more than just money. It is about priorities. As we review a budget that will carry the Department of Homeland Security into its fourth year, we must ensure that the priorities will truly advance the goal of a stronger, safer America.

Senator Lieberman.

#### **OPENING STATEMENT OF SENATOR LIEBERMAN**

Senator LIEBERMAN. Thanks, Madam Chairman, for that excellent statement.

Good morning, Secretary Chertoff. Mr. Secretary, in my opinion, the Administration's proposed budget for homeland security is shortsighted and short-funded, given the dangers, both natural and terrorist, that this Department was created to confront.

A new hurricane season begins exactly 3 months from today. And of course, the threat of terrorism never stopped, as we have seen in London, Madrid, Bali, and so many other places, despite the best efforts to prevent it. The fact is that a terrorist attack could happen almost any place at any time.

And therefore, the Department of Homeland Security must be more ready than it is now, in my opinion, to detect, prevent, and respond. Yet this budget actually makes cuts in areas history has shown are most crucial, certainly when responding to a disaster.

The Administration's proposed Department of Homeland Security budget cuts \$802 million from programs for first responders and cuts \$233 million from the Coast Guard for its traditional missions.

It was, after all, State and local first responders and the Coast Guard who were among the greatest heroes of Hurricane Katrina. They must be given the funds they need to better prepare for and respond to the next disaster.

This budget, as Chairman Collins has said, also fails to accelerate the Coast Guard's Deepwater integrated system program, ignoring evidence that such acceleration will not only provide better security and response, but save the Federal Government a lot of money in the long run.

Despite the very necessary attention finally being paid to port security as a result of the Dubai Ports World deal, this budget, in my opinion, fails to address adequately the damage that terrorists can do in containers carried to America aboard ships. It provides no new money for the U.S. Customs and Border Protection's Customs-Trade Partnership Against Terrorism Program, leaving just 80 inspectors with the responsibility of assessing the security practices of about 10,000 applicants under this program.

And it provides just \$35 million for X-ray or other imaging prototypes that will be deployed at just five ports of the many ports in this country for cargo inspection next year. At this pace, we will not have all the Nation's ports covered by the necessary imaging equipment for at least another 5 years.

I am deeply concerned by the Administration's proposal once again to force ports, chemical plants, and rail and transit facilities to compete with each other, along with public utilities, telecommunications, and financial networks, for scarce security resources through a consolidated grant program.

I also believe the border security priorities outlined in the budget are, to some extent, misplaced and do not reflect a realistic assessment of all of the avenues of infiltration terrorists are likely to use to get into this country.

Finally, as Chairman Collins has said, the budget inadequately addresses some of the failures of FEMA that Hurricane Katrina exposed, failures that the Administration's own report acknowledges and that, of course, our Committee investigation has already detailed.

Those are my criticisms. But as in the last few years, I have felt a responsibility to work with my staff and others who follow questions of homeland security to come up with some estimate of what we think would adequately fund this Department. And I have expressed those in a letter that I am sending to the Budget Committee chairman, Senator Gregg, and the ranking member, Senator Conrad. And I will give you, Secretary Chertoff, a copy of those recommendations and ask your consideration of them.

In sum, they would have our government invest an additional \$8 billion in homeland security needs government-wide next fiscal year, with about \$6.3 billion of that going to the crucial programs that are in the Department of Homeland Security.

Very briefly, to highlight a few of those areas that I would make recommendations in, one is to restore \$802 million to first responder programs and then add an additional \$1.2 billion to help improve the State and local capabilities, particularly in the area of interoperable communications, which everybody acknowledges are critically deficient now.

I would recommend adding \$1.7 billion in spending on security for chemical plants, ports, and other critical infrastructure systems like rail and transit. I would give FEMA an additional \$465 million to specifically improve its readiness, response, and recovery capabilities in areas that Katrina exposed as flawed.

I would provide the Coast Guard with an additional \$1.1 billion, primarily to accelerate that Deepwater Program to modernize and replace the Coast Guard's fleet, which, unfortunately, is one of the oldest in the world.

I would increase the budget for Immigration and Customs Enforcement by \$158 million so that the agency can station more visa security officers overseas, provide more training for consular officers, and identify additional criminal aliens who are in jail and should be deported from the United States.

And finally, I would recommend investing an additional \$752 million next year in aviation security so that we can better detect explosives in checked bags or carried on by passengers.

Can the Department get by with the budget that the Administration has recommended? Yes, it can. But getting by is not enough in an age of terrorism and an age of continuing natural disasters post-Katrina. We have an urgent need, in my opinion, to invest more now so that we will be safer sooner and into the future.

The fact is there is no cheap way to be better prepared. We know that from our work with regard to our military. It takes money. More money, in my opinion, than this budget offers. But it is money that will be very well spent because it will bring the greater protection that the American people need.

Thank you, Madam Chairman.

I look forward to your testimony, Mr. Secretary.

Chairman COLLINS. Thank you. Senator Coleman.

#### **OPENING STATEMENT OF SENATOR COLEMAN**

Senator COLEMAN. Thank you, Madam Chairman. I am going to make very brief comments.

I first want to associate myself, Madam Chairman, with your comments and the concerns that you have specifically raised, the things that you have found troubling—grants, State and local governments, first responders, the importance of additional resources to the Coast Guard, and then, significantly, port security. And I will talk about that during my question and answer time.

I just want to say this, Mr. Secretary. I think you have the toughest job in the President's Cabinet. The reality is that there are challenges that we face overseas every day in Iraq, but the Secretary of Defense isn't on the line personally. There are challenges that we face in the environment. There are challenges we face in transportation. Challenges we face across the board.

But your neck is on the line personally when things don't go right with Katrina. We see it when we have concerns about what is happening with port security. And so, I want to recognize that.

I also want to note that I had the opportunity recently to visit our border areas in San Diego. I was in Arizona looking at the testing of the unmanned vehicle, UAVs. Our border folks are doing a much better job than we give them credit for. It is a stunning challenge. Much better job than we give them credit for.

So I want to say that as I then get into areas of concern, and there are areas of concern. Clearly, the situation with the UAE has highlighted the issue of port security, which many of us have been working on for a long time.

And as we look at this budget, my concern is that we are still not putting the resources in areas where we know we have problems. We can't be looking back to the last challenge, which we had when we were dealing with aviation security. We have also got to look ahead. You can't just fight the last war.

I had a chance to be in Hong Kong, and Hong Kong privately funded, they screen each and every container, each and every container. Ten thousand trucks a day dropping containers in, and we are still doing a targeting system.

There isn't money in the budget for testing and validation of the automatic targeting system. There isn't money in the budget for the ISIS system, the system that would allow us to screen each and every container.

There are still concerns about the ability to bring a nuclear device into this country. I think we are at about 40 percent of cargo being screened through radiation portal monitors. I worry that, as I look in the budget, there is, perhaps, an overly optimistic estimation of where we are going to go in the next couple of years, and the resources aren't there.

So, again, I want to say that I appreciate what you are doing. I appreciate the difficulty of what you are doing. But it is important, and the reason your neck is on the line is that we can't afford failure, and we have to make sure the resources are there. And so, in my questioning, I will highlight some of those areas.

But I also do want, as I said, to compliment the work that we have seen in Customs and Border Patrol and other areas that your folks are doing every day on the front line.

Thank you, Madam Chairman.

Chairman COLLINS. Thank you. Senator Levin.

#### **OPENING STATEMENT OF SENATOR LEVIN**

Senator LEVIN. Thank you, Madam Chairman.

Welcome, Mr. Secretary. First, let me say that I fully agree with our Chairman, our Ranking Member, in terms of the shortfalls in your budget. Senator Lieberman went through a list of needed additions to the budget. The Chairman has also indicated where the budget is short, and I will fully be supportive of trying to add to your budget for these essential needs, including port security and interoperable communications equipment, first responder support.

You also in the budget severely shortchange two areas that I have a particular interest in. One is the northern border, the longest border we have. Nonetheless, we find that the resources have not been provided as promised.

It was just a couple of years ago—actually, in March of last year—that I asked you whether or not you were going to be opening up the five northern border airwing locations, which are so essential to air interdiction and enforcement capabilities along the northern border. You assured me that there would be one each year added. That has not happened.

There were two sites, particularly in southeastern Michigan, which you were going to consider. We have not seen those commitments relative to the northern border airwing carried out.

The Coast Guard budget is of tremendous concern to us. There is a great emphasis on the Deepwater Program, and the Chairman indicated that she would like to speed up that program. And we would surely support that. But there is almost nothing in that program for the Great Lakes.

We instead are losing boats in the Great Lakes. The Great Lakes is our longest coastline. I don't know whether that is recognized in

homeland security, whether or not the Great Lakes and the St. Lawrence Seaway together, by far, is our longest coastline. We are exceedingly vulnerable because we have such good relations with Canada. That opens the vulnerabilities to us.

And yet, when it comes to the Coast Guard budget, we see a reduction in the budget and in the commitment to replace ships that are being lost in the Coast Guard for the Great Lakes. That is totally unacceptable to us.

And so, during my question period, we are going to be focusing on the northern border and on the Great Lakes and pressing you on why it is that with all of the needs that we have that there is such a disadvantageous position that the budget places the Great Lakes in, despite the fact that it is, with the northern border, our longest border and, with the Great Lakes, our longest coastline.

Thank you.

Chairman COLLINS. Senator Bennett.

#### OPENING STATEMENT OF SENATOR BENNETT

Senator BENNETT. Thank you very much, Madam Chairman.

Mr. Secretary, listening to this litany, I wonder why we haven't had a whole lot of attacks, problems in 3 years. We haven't had any since September 11.

The combination of the Department of Homeland Security and the Department of Defense and the intelligence community has succeeded in keeping the terrorists from our shores. They have been forced to turn to Madrid or London or Saudi Arabia or other places for their attacks, and they are currently making their stand in Iraq.

So with all of your difficulties—and I repeat, I am the one who predicted this Department wouldn't work for at least 5 years regardless of who headed it and regardless of how much money it had just because of the challenge of putting it together—someone, somehow, somewhere must have been doing something right to have kept us safe to the degree we have been since the September 11 attack.

I have some questions that I will raise during the question period. I welcome you here. I am grateful for your explanation of the P&O, Dubai Ports World thing. I have no problem with that.

My first reaction was that which everybody had. My gosh, we are going to turn the ports over to the Arabs? Then you get into the details, and clearly, Dubai is an ally in the war on terror. The Dubai Ports World is an organization upon whom we are dependent for our naval activities around the world. Without their excellent providing of ports where naval ships can put in with complete security and safety, we would have more examples of the USS *Cole* kind of thing.

So I simply welcome you here, and while I have some of the same questions that some of my colleagues have, I acknowledge the fact that when you step back from it and look at the overall picture, we can't ignore the fact that the United States has survived since September 11 without an additional attack on our shores.

And for that, we can be grateful to you and Secretary Ridge and all of the people in your Department, the intelligence community, and the Department of Defense for the great job they have been

doing, in spite of all of the problems that have been legitimately raised here by my colleagues.

Chairman COLLINS. Thank you. Senator Dayton.

#### OPENING STATEMENT OF SENATOR DAYTON

Senator DAYTON. Thank you, Madam Chairman.

I would like to associate myself with all of the remarks that have preceded me, and I think Senator Bennett's comments are well founded. I am waiting in my lifetime to see the front page headline "Government does something well." And we don't acknowledge those successes, and you certainly deserve credit.

And the many thousands of dedicated men and women working with you, under you, who are devoting their careers, their lives to protecting this country and doing so with a vigilance that I think we all need to respect and show due gratitude for.

When I was commissioner of economic development on a much smaller scale in Minnesota in the governor's cabinet, I said that working for a governor, as you work for the chief executive, is like having a constituency of one. I was responsible to him and to his final decisions and upholding those.

In this case, however, I think you have a broader constituency, which is all of the American people. And I worry, as the Chairman and particularly the Ranking Member, I think, outlined very well, that this budget is deficient and that it doesn't represent the best interests of all of that broad constituency.

I think the border security is one of critical concern. I agree with Senator Levin as it relates to the northern border, although I want to acknowledge that there has been some modest improvements in the northern border in Minnesota, and I appreciate that. I hope those will continue.

I worry about the first responder prioritization, as some call it. I call it triage because some of the first responders, the local units, the government in Minnesota have been zeroed out of funding. And we sent them a first message that they should devote thousands of person-hours, which they have in a very dedicated way, to being ready to respond, and then we turn around and tell them a year or two later, "Well, you are not a priority. So you don't have any money."

I think that is a very wrong message. And when you look at a bunch of trailers sitting in Hope, Arkansas, rotting away, it is hard to explain to first responders, local government officials in places like Ramsey County, Minnesota, why they don't deserve any funding whatsoever and how that fits into a homeland security set of priorities. So I do look forward to your testimony in that regard.

And I would just note also that I believe we are going to take up in the next couple of weeks immigration reform, a serious crisis. Badly needed, long overdue. But if we don't have your border security, particularly in the southern border as it relates to the border with Mexico, if we don't really deal with that directly and with whatever additional resources—manpower, person power, security, technology, whatever is necessary—we are going to defeat our own efforts at reform.

And in Minnesota, I know the methamphetamine epidemic is truly that, and the flood of pure methamphetamine is coming now,



I am told by local law enforcement, directly from Mexico into a northern State like Minnesota. It has got to be happening elsewhere in the country. I think we have a crisis of security in our borders, and I hope this budget, if it doesn't address that, can do so remedially with this Committee.

Thank you, Madam Chairman.

Chairman COLLINS. Thank you. Senator Voinovich.

#### **OPENING STATEMENT OF SENATOR VOINOVICH**

Senator VOINOVICH. Thank you, Madam Chairman.

Welcome back to the Committee. I would like to thank you for your leadership and the leadership of your colleagues in the Department. As was already stated, the combining of agencies to create the Department of Homeland Security is a monumental management challenge, more significant than when we put the Defense Department together five decades ago.

And so, you have a full plate and have had many challenges. I want to make sure that you understand and that your family understands that we do appreciate the effort that you have made to do this job for the American people.

I think, to a degree, many of the comments made here are very well taken. We have a real dilemma here. We want everything to be secured, but if you add it all up, it would bankrupt the country. I have said on many occasions that Osama bin Laden is probably one of the happiest people in the world because what he wanted to wrought in the United States he has accomplished, and that is the fear of terror.

If we do everything that everyone suggests to enhance security, we will bankrupt the country. Our problem is that we need to understand that our resources are limited. And we can't, as a Nation, look to the non-defense discretionary budget as the place where we are going to save money.

In other words, the discretionary non-defense budget has been almost flat-funded. You have proposed a 6 percent increase in the DHS budget. But if you take out the money that TSA is supposed to collect from the airlines, and you don't get it this year, in fact, the 6 percent increase is substantially reduced.

When you, as the Secretary, go to the Office of Management and Budget, I would like to know, do you give them your full budgetary requirements? Or do they tell you, "Mr. Secretary, we don't want to see any more than a 3 percent or 4 percent increase?"

I think the Members of this Committee ought to know that you have to deal with OMB, and I don't know whether you are going to be able to be candid with us today regarding your agency's budgetary requirements.

I don't understand in a country with the Iraq war and with homeland security costs why this Nation is talking about making tax cuts permanent. We need more money to get the job done, and the American people understand it.

But our head is in the sand, folks. It is in the sand. I am a former mayor and former governor. I have had to go through the budget process. Our Federal Government must balance its expenses and revenues.

We are asking Secretary Chertoff to do almost an impossible job because we are not giving him the resources that he needs to get the job done. We are not doing it because when he goes to OMB, they tell him, "This is the amount you are going to have." Perhaps you can discuss that in your testimony.

But we ought to look at the bigger picture and decide what it is that we really need to do and then set priorities in terms of how we use our resources. We can't afford everything that all of us are talking about here today. We don't have the money for it.

When I was mayor of Cleveland, we had to make hard choices between police, fire, and choices between other things. You come up with a reasonable budget, and you allocate the resources as best you can.

The most important thing, Mr. Secretary, is that we have not had an event in the United States of America since September 11. I thank you, and I thank the other people involved in protecting our Nation. We all want to make sure that we don't have another event.

So I would just like to say that as we go through this hearing, I would like to have some real candor from you. I am concerned, for instance, in FEMA, you have lost 500 people. And nearly half the people you have remaining are eligible for retirement. How are you going to handle it?

You have management positions in that agency that are left unfilled. You have to have enough people to accomplish FEMA's mission. And how are you going to get that job done?

If I were a FEMA employee and I had a chance to retire, I would get out of there quickly. I am out there busting my back, trying to get the job done, and all I do is read about the fact that FEMA is a terrible organization. I come home to my children and to my wife, and they say, "You work for that bum agency." You know?

These are practical things that we are dealing with here today, and I think we need to get real here at this Committee, and we have to get real in the U.S. Senate about the resources that we need to get the job done and stop putting our head in the sand as we have done for too long a period during the last several years.

Thank you.

Chairman COLLINS. Senator Lautenberg.

#### **OPENING STATEMENT OF SENATOR LAUTENBERG**

Senator LAUTENBERG. Thank you, Madam Chairman.

Senator Voinovich just raised a ray of hope that goes a long way with me. When we talk about further permanence of tax cuts and we talk about our needs, these two things just don't square.

I sat on this Committee—Mr. Secretary, I am glad to see you—and I want to recall for this Committee's review how hard we both worked to get grants given on a risk base. And we had a vote, and there was only one person who voted for making it risk based, and that was me. Nobody else. Nobody else here thought that was the way to do it, despite the fact that you, sir, and the 9/11 Commission said absolutely that is a critical condition. And finally, I think we are getting closer there.

But when I look at the responsibility that we have in the Senate and our government and, as we heard Senator Voinovich describe

it, almost an impossible task, but that doesn't mean you don't work at it. And the fact of the matter is that never before have we ever had a single day in America when we lost almost 3,000 citizens in a terrorist act.

And the fact that we have been spared such a happening again shows good work, shows hard work, but it also doesn't say that we can breathe easy. And if that is the way we look at this and say, OK, one single attack on our people or our soil can kill as many as died that day.

And I look at the port of New York/New Jersey, where our interests primarily are, and been told by the FBI that in that 2-mile stretch from Newark airport to the New York/New Jersey harbor, a chemical attack could kill as many as 12 million people, how dare we say, well, OK, we are going to mix in port security with other things and let you scrap it out, kids, and divide it up so that we look pretty good from the Administration standpoint. "There is more money in there. What are you talking about?"

The fact is it is a dereliction of duty. And I am pleased to hear my colleagues on both sides of the aisle talk about the need that we have and that we must fill if we are going to do our job honestly and correctly.

The Coast Guard, we keep giving them more assignments and less money to do things with. They are a very important part of our protection mechanism.

And so, when I look at what we budget to protect lives in Iraq, and I respect protecting those lives. I hate to see it when 20 or 30 children or women are killed, Iraqis, by other Iraqis. But when I think of rebuilding, trying to rebuild Iraq, and I think of trying to rebuild New Orleans, and I think of trying to protect almost 300 million Americans in the best way we can, the budgets are quite differently calculated.

Mr. Secretary, one question was asked of you. Are you relegated to spectator position when it comes to the budget? Or can you, or dare you, fight to do the job, the entire job that is in front of you?

I know that you try hard, and we respect your efforts. But we have to get more, in good conscience, to protect our people.

Thank you, Madam Chairman.

Chairman COLLINS. Senator Warner.

#### **OPENING STATEMENT OF SENATOR WARNER**

Senator WARNER. Thank you very much, Madam Chairman.

I welcome you this morning, Judge. And I happen to be one that thinks you are doing a fine job, and just hang in there.

The question of cyber security has been a subject that I have been intensely interested in. If I may say with a little immodesty, about 5 years ago, I actually set up a program of scholarships using the defense budget for young people to get a 4-year curricula paid education if they, in turn, would give 2½ years back to some Federal entity dealing with cyber security.

I saw where you achieved a \$7 million increase in the cyber security account, and I am wondering as to your own views as to the risks associated with that critical subject and how your Department is proceeding?

At the appropriate time, I will put those questions to him. But I thank you very much, Madam Chairman.

Chairman COLLINS. Thank you. Senator Pryor.

#### OPENING STATEMENT OF SENATOR PRYOR

Senator PRYOR. Thank you, Madam Chairman.

Welcome back to the Committee, Mr. Secretary. It is good to have you here.

In this budget, I am pleased to see that FEMA is getting a 10 percent increase, but I am still concerned about that agency's organization and leadership. I am concerned that the Coast Guard is only getting a 4 percent increase, given their new responsibility for the Deepwater Program, for example.

We have a very small Coast Guard presence in our State because we are not a coastal State. But I am very impressed with the work the Coast Guard has done since I have been in the Senate. Very impressed. And I just think it is one of those agencies that we should give more resources to as we give them more responsibility.

I am also a little bit dismayed in the cuts—well, more than a little bit dismayed in the cuts for programs for State and local first responders. In fact, there are two programs—the Law Enforcement Terrorism Prevention Program and the State Homeland Security Grant Program—if you just add those two together, I think they are getting a \$317 million cut.

So I feel like that is too much, but I would love to hear your rationale on that and hear your view of the budget pressures that you are under.

And also I just want to recall a conversation that we had with Secretary Ridge. I had a line of questions with him, and we talked about this a number of times with him, either publicly or privately. And that is when Homeland Security was a brand-new Department—it is kind of like what Senator Bennett said—I felt that it really was an opportunity, but also a challenge, to set Homeland Security up as a model agency.

And I know that is easy to say and hard to do. But I am just not sure yet that Homeland Security has lived up to that promise. I hope that it is moving in that direction, but I think it has had a few bumps in the road along the way. And certainly, I hope for the very best for the Department of Homeland Security and hope for the very best for your leadership there. Thank you.

Chairman COLLINS. Thank you, Senator.

I would advise my colleagues that the lights on the clock are not working. The vote has begun. I would suggest that we recess at this point and then come back and proceed with the Secretary's testimony.

The Committee will be in recess for 15 minutes. Thank you.

[Recess.]

Chairman COLLINS. The Committee will come to order. Our witness today is Secretary of Homeland Security Michael Chertoff.

Secretary Chertoff, I want to thank you for appearing before the Committee today to present the Department's budget prepared after a year of very significant events for the Department. I also want to join my colleagues in thanking you for your leadership.

This is an extraordinarily challenging job, and we look forward to hearing your testimony today.

**STATEMENT OF THE HON. MICHAEL CHERTOFF,<sup>1</sup> SECRETARY,  
U.S. DEPARTMENT OF HOMELAND SECURITY**

Secretary CHERTOFF. Thank you, Madam Chairman, Senator Lieberman, and the other Members of the Committee. It is always a pleasure to appear, and it is always a pleasure actually to deal with you personally. We get to talk from time to time about how we are trying to shape this still very young Department.

I am going to be brief because I know that people have a lot of questions. But this is a period of a number of milestones. It is the third anniversary of the Department being stood up. It is a little bit more than a year since I was confirmed and sworn in.

At the time I went through my hearing, I remember people asked me, "Well, how do you feel giving up a lifetime appointment for this?" And now I realize that in this job, a year is a lifetime. So I guess I have come out ahead.

I do think what I want to do is lay out some of the principles that I think we are trying to apply in continuing the job of building the Department and making it work as well as it can, making it a model Department, and then talk very briefly about four priority areas.

I have a written statement I would request the Committee accept for the record.

Chairman COLLINS. Without objection.

Secretary CHERTOFF. And I certainly want to be clear that my focus on four priorities doesn't mean to exclude other things, but it is simply a recognition of a limit of time.

I agree with I think what Senator Lautenberg said and what Senator Dayton said about not breathing easily. I take a lot of comfort in the fact that we haven't been attacked successfully in this country in the last 4 years. That is a tribute to the work done in many departments—our Department, the Department of Justice, and the Department of Defense.

And I think we have had some instances where but for that very fine work, we might have had different results. But it does not mean we can be complacent. And I am still focused very deeply on the issue of what we can do to elevate our ability to prevent, protect against, and, if necessary, respond to terrorism.

The basic principles I think we bring to what we do here are four. First of all, we have to be systematic. We have to think about the objectives we are trying to achieve, assess what are the elements we need to get to the objective, and then make sure we adequately fund and build the capabilities to meet the objective.

Second, we have to be integrated. We are not fully integrated yet. I think one of the lessons of last year was integration was incomplete. And to be honest with you, I think there were some people who resisted integration.

And I think, in a very painful way, we have learned the lesson that we have to complete the job that this Committee and this Senate and this Congress told us to do, which is to build a single de-

<sup>1</sup> The prepared statement of Secretary Chertoff appears in the Appendix on page 49.

partment. And that means the hesitancy in some quarters has to be put to one side, and we have to now understand we are going to be one department and function as one.

Third, I think Senator Voinovich was correct in observing at some level the challenge in dealing with security is recognizing that there is a limitless demand for security. The city of New York, I think, has 30,000, 40,000 police officers. I am sure if it had 400,000, it would be even safer.

We always balance. And the way we balance in this Department is risk management. We try to focus on the highest priority risks and then apply our resources to those, recognizing that we can't guarantee against all risks. And I think one of the things I have tried to do in the last year is to have a mature conversation with the American people about what we can do and what we can't do and what is reasonable to expect and what is not reasonable.

Finally, again, to echo Senator Voinovich, who has just walked in, I think the fourth principle we have to have in this job is respect for the people who do the work. They do an outstanding job, and I do worry about morale. I worry about the fact that, for example, people with FEMA—many of whom did just a tremendous job—are subject to ridicule, not individually, but the component is the butt of jokes.

I think we obviously owe them increased resources, and we have a lot more in this budget for that. But we also need to recognize the accomplishments.

And part of what I want to do in this opening statement is talk about some of the things we have done right because although I am the first to admit we have more to do, and I said it last summer in this Committee, I think it is important to say we have done a lot. And I think the people of this country should hear that from me, and the people from this Department should hear me saying it.

So let me turn to four areas. First, port security. Port security is very much in the news. I know you know, and I am going to make it clear publicly, that we have been focused on port security as a significant issue for the last year.

One of the things I talked about in my 2SR review was the need to extend the issue of the security envelope, secure freight, so we would have better visibility and better control over cargo in the maritime domain at an earlier point in the supply chain. And that is something we are still very much focused on as an end state.

Part of what I want to do is, in fact, I am planning to go out to Hong Kong, as I told Senator Coleman, at the end of this month to look at their prototype. We are monitoring the prototype. I have to caution everybody that it is still a concept. They are putting containers through, but they are not necessarily assessing them in the way one would have to assess them in real life.

We are going to have to ultimately test this against the real-life demands of balancing the time it takes to really look at what you are screening versus the time you want to spend lingering before you load the vessel. But it is an important issue.

One thing I would like to address is the criticism I see sometimes when people talk about the amount of money we spend on port security. Often, there is a kind of apples to raisins comparison. Peo-

ple compare air security, aviation security, include the payroll for the screeners, include the capital expenses. But then when they look at port security, they only look at the amount of money spent in grants.

But if you look at the line items for port security and the U.S. Coast Guard and money on CSI, C-TPAT, and Customs and Border Protection, and what we are doing at S&T and what we are doing in the Transportation Security Administration, you will see that last year, in 2006, we had almost \$2.5 billion, with a “B,” spent on matters related to port security.

This year, the 2007 request ups that to \$3.1 billion, and that includes a significant chunk for the Coast Guard, a little over \$2 billion in port security for the Coast Guard. If we get the 2007 budget, we will have spent almost \$10 billion on port security-related funding since 2004.

And I think that is not only a very important statement, but I think important to bear in mind when we compare the money on aviation security. Because we need to make sure we are comparing personnel costs and capital costs in an apples to apples way against both accounts.

Now we have more to do. We have to complete the process of deploying our Container Security Initiative. And let me show you where we are with this. The Container Security Initiative is currently rolled out at 42 ports. That covers 74 percent of the container cargo that comes into this country during the course of a year. At the end of this fiscal year in October, we will add an additional eight ports, and that will give us approximately a little over 80 percent.

What this chart is going to show you,<sup>1</sup> first of all, is there has been a dramatic increase since March 2002, when this began. It will also show you that we have focused our attention on those ports which have the maximum volume of containers being shipped out. And that makes sense. I mean that is where, again, being risk managers, we want to be focused first.

A second element of our strategy is radiation portal monitors, which I think was brought up in one of the opening statements. And here again, this is part of what we call our layered defense for the ports.<sup>1</sup> But we began this program in February 2003, and if you see where we expect to be in October 2006, it will be 66 percent of the cargo that comes in containers through our seaports will be taken through radiation portal monitors.

Now that is not to say the job is done yet. We are projecting getting to over 95 percent at the end of fiscal year 2007. But I have to say two thirds at the end of this fiscal year is certainly an accomplishment, and it certainly takes us a lot further than we were, for example, in February 2005, when I think there was a somewhat critical GAO report saying we only had a small percentage of containers going through.

We also have approximately 90 percent of that cargo going through the land ports is going through radiation portal monitors. So these are a couple of things we are doing that I think are meas-

<sup>1</sup> The chart titled “Container Security Initiative” appears in the Appendix on page 47.

<sup>1</sup> The chart titled “Radiation Portal Monitor (RPM) Deployment at Seaports” appears in the Appendix on page 48.

urable accomplishments. We have put a lot of money into a Domestic Nuclear Detection Office that is designed to take us to the next level of research in terms of technology. But it is also designed to make sure we are integrating our detection system.

The right way to do this is to make sure our intelligence and our operations and our technology are treated as a single system. And the Domestic Nuclear Detection Office, which I am pleased to say that Congress has now funded in 2006 and which we have asked for considerable funding in 2007, is going to do just that.

Let me turn to FEMA. As someone observed, we envision a 10 percent increase in FEMA's budget over last year. And if we include the amount of money that was provided in the 2006 supplemental, we will be adding 240 FTEs to FEMA. These are going to be looking at some very critical support functions. Procurement staff, pre-disaster mitigation grants, strengthen financial and acquisition management—things which are designed to address some of the shortfalls in capability we had during what was, by any measure, an extraordinary year last year.

But I want to go beyond dollars to talk very specifically about what we are doing for hurricane season because we have 3 months to hurricane season, and we have a gulf that is in the process of being rebuilt. And that will pose special challenges.

We are in the process now of contracting, getting the procurement people onboard and contracting for logistics capabilities for this hurricane season. That means not only filling up and resupplying the caches or stockpiles of material that we have, but making sure we have contracts for surge capacity. And most importantly, for the first time, building into those contracts requirements for real-time visibility to the movement of goods that we did not previously have. So that is one thing we are going to be doing.

Second, we are working on upgrading our call center capacity to get up to a surge ability of 200,000 calls if we were to need that for registration. We have already put into place a mechanism for verifying identity and verifying or acting against fraudulent Social Security numbers on our telephone registration system that matches what we previously had in our computerized Web-based system.

We are in the process of acquiring enhanced communication capability. I have tasked our communications people by June 1 to have a fully developed and resourced communications capability that we can put into any afflicted area that can use, for example, aircraft or Coast Guard cutters as relay stations to relay radio traffic, as well as to support our own teams of law enforcement trained individuals who will go in self-sustained to be able to give us real situational awareness on the ground.

So those are some of the things we are doing in the area of FEMA.

Chemical security. As I think we have said previously, and I will reiterate again, we support the idea of a chemical bill that in an intelligent and risk-based way gives us the authority necessary to make sure that we bring chemical companies up to standard. That is a tiered approach looking at the nature of the risk. It would put a burden, obviously, on the industry to come up to standard.



Much of the industry, I think, wants to do that, but I recognize some do not. And I think that the industry, at this point, would welcome a sensible regulatory regime. We have been working with the Committee on this. I would very much like to see a chemical security bill passed this year. I think it is overdue.

It will require us to be sensible to recognize that not everybody is going to be happy with every element of the bill. But if we pitch it right, we will actually produce a positive result, which I think will make the American people not only have more faith in us as government actors, but more confidence in their own safety.

Finally, border security. I am pleased this year to come up with a budget with 1,500 additional Border Patrol agents, which, on top of the 1,500 we got in this last year, will bring us up to almost 14,000 by the end of fiscal year 2007.

But it is not just about agents, it is about increased technology. We are, for the first time, putting together an integrated strategy with ICE and CBP to acquire technology. We hope to start that this fiscal year. That will give us really the ability to leverage our personnel with respect to intercepting illegal migrants at the border.

Another critical element of this is ending catch and release. I said I was going to make this my objective this fiscal year. We are on track to getting that accomplished. We have not only additional beds we received from Congress in the last year, but we are asking for 6,700 additional detention beds for the next fiscal year, which would increase our capacity to make sure we do not release people who should be removed from the country.

I have to be honest and tell you we track this very carefully. We are trying to use the Secure Border Initiative as a prototype for a whole new way of organizing the Department in which we are very clear about mission, very clear about assignment, and we build very clear metrics so we can track on a weekly basis everything that we do.

In fact, I am now, both with our FEMA retooling and our border activity and our preparedness activities, getting weekly reports with metrics, which allow me to hold people accountable in a very specific way for what they are doing.

The two obstacles we are going to face with respect to detention beds relate to a court injunction that is preventing us from expedited removal for a certain category of people we apprehend. We are in court. We are trying to get that injunction, which is 11 years old, modified to let us do what we have to do. I will be pleased to answer questions about that.

And we also have some countries that don't take their illegal migrants back. We can only make this work if we are able to send people back. If we have to occupy beds for months at a time without being able to remove people, it becomes simply impossible financially to do it, plus I think after 6 months there is an argument that there will be a legal requirement we release people.

I won't name the countries here, but I will tell you that we are going to be working very aggressively. Diplomatically, I have spoken to the Secretary of State about this. I intend, when I go to Asia, to be raising this issue to make sure that countries that want to trade with us understand they have to live up to their obligation

to take people back. They cannot simply put the burden on us to house people who are illegal migrants.

There are many other things that I could talk about, but I know that you all have a lot of questions. I want to thank you again for hearing me, and I look forward to answering questions.

Chairman COLLINS. Thank you for your testimony.

We are going to begin a round of 8 minutes per Senator, and I would ask everyone, and I will likewise, to stick to the time because we have so many Senators present today.

Secretary Chertoff, you mentioned in your statement that some of the component agencies of your Department have resisted integration. And as you are well aware, there are some who have concluded that DHS is simply too big, too unwieldy. It just doesn't work.

Fueling that perception have been a number of serious communications gaps. We talked about that, as you are painfully aware, with Katrina, where vital information about the levees did not reach you and other top officials when it should have.

Similarly, this week we learned that an important Coast Guard memo raising red flags about the Dubai purchase did not reach your deputy nor Mr. Baker, your designee on the Committee reviewing the transaction.

I want to make clear that I don't think the answer to those problems is to break up the Department, although others do. What are you doing to foster better internal communications to ensure that vital information reaches you and other top officials since this has happened more than once?

Secretary CHERTOFF. I think there are two separate issues. I mean, the FEMA issue was a much more fundamental problem. And the way we deal with this is, first of all, the purpose of our 2SR reorganization was precisely to flatten the organization, get the component heads more closely in touch with the secretary and the deputy secretary. And then create cross-cutting functions in the same way that the Defense Department does when they manage the various different kinds of elements that you do to have a joint command.

So what we do now, by way of example, is now we have weekly component meetings with the component heads, where we discuss the whole range of departmental issues. We have cross-cutting functions like preparedness, where our under secretary works with all of the different components on a regular basis, making sure we are integrated.

We have a policy office, which we have—again, as part of 2SR—put into place, which now has an integrated planning capability. And a perfect example of that is our Secure Border Initiative.

Every week, I sit down with the heads of Customs and Border Protection, Border Patrol, ICE, or their deputies, and we look over an integrated plan that they have all contributed to building under the auspices of the planning element of our policy office. So that everybody has ownership in the mission. That is building the kind of culture of preparedness that we need.

Another thing that we need to do is build jointness down in the organization. And I am interested in building a set of career paths

that actually encourage people to be cross-designated into other departments or detailed into other components.

We do that, for example, with the Coast Guard now. We use the Coast Guard in a lot of areas. We do it with the Secret Service. And I think much of the military has done it.

Over time, that will give us the kind of real integration as a single department, which we need to really realize the fruits of this creation.

Chairman COLLINS. As I mentioned in my opening statement, I am very concerned about the cuts in funding to State and local governments, to first responder groups, because they are your essential partners. And as we learned during Katrina, if you don't have strong partners at the State and local level, our ability to respond will be lessened considerably.

In that regard, I am particularly concerned about the reduction in the Emergency Management Performance Grants Program. This program has been around for many years. The budget proposes \$15 million less than was enacted last year.

And emergency managers are deeply concerned with this funding level, particularly since many believe that an inadequate State emergency management capability was exposed by Katrina and that if you don't invest at that level, you risk a repetition of the response in Katrina.

What is the rationale for cutting the emergency management grant program as well as other money that goes to State and local officials and first responders?

Secretary CHERTOFF. I think, as you know, of course, that the amount we have allocated in the budget this year is the same that was allocated last year.

Chairman COLLINS. But less than was enacted.

Secretary CHERTOFF. But less than was enacted by about \$13 million. I would also have to observe, to put it in context, that we do have \$50 million for our preparedness initiative, which is, in fact, designed to work with emergency managers in the 50 States and 75 biggest urban areas on their evacuation and emergency plans.

So we should look at the whole complex of grants that are available for these kinds of planning and preparedness functions in evaluating the kinds of resources that are available. I would say in general, though, if you look at what we are doing, we tend to move away from grants that are personnel cost focused. And it is a philosophical issue.

Generally, we believe grants ought to be focused, with some exceptions, on building capabilities. That means capital investments, training, equipment. But not on, for example, recurring personnel operational costs or the kind of training that is generally done on a regular basis, just as a matter of being an ordinary first responder.

We recognize also that in the context of our State homeland security grants and our UASI grants there are funding sources available that can be used if a State or locality feels it wants to put some money into things that will help the emergency managers and first responders.

The other thing I would have to observe is this. We have a lot of money in the pipeline, and I don't mean this to be critical because the money has been obligated. But quite wisely, it hasn't all been expended because if you are smart, you don't pay the contractor or the person who is supplying the equipment before they give you the equipment or perform the contract.

But what that means is that we haven't necessarily seen the full fruits of what we have already invested. And with the total amount of grant funding we are putting in this year, we are going to be up to \$17 billion in grants, of which we have \$3 billion that was enacted last year that we still are in the process of giving out and about \$5.5 billion in the pipeline.

So I recognize all of these programs have value. But I think what we are trying to do is reconfigure them in a way that actually is more disciplined and more risk based.

Chairman COLLINS. I will just leave you with the comments of an emergency manager director from Maine who pointed out that there is a 50 percent State match for the emergency management grant program.

He wrote to me, "To imply that the funding of personnel under the EMPG is not a traditional function of the Federal Government is astonishing given that this program has been in existence since the 1950s. If that is not a traditional function, I am puzzled what is."

Secretary CHERTOFF. I guess the one thing I would say is we haven't zeroed it out. So I would agree that I don't want to be taken to say it is not a function. But we are trying to level it, let us put it that way. Put it at level.

Chairman COLLINS. Senator Lieberman.

Senator LIEBERMAN. Thanks, Madam Chairman.

Mr. Secretary, let me begin just by going back briefly. At the conclusion of our hearing on February 15 in regard to Hurricane Katrina, you said that you would provide answers to the Committee's post-hearing questions by the close of business yesterday.

Obviously, I know you are busy, but we are nearing conclusion of our investigation, trying to write the report. And as of this morning, we still haven't received the answers. Can you tell us when?

Secretary CHERTOFF. Yes. I looked at them yesterday. They were drafted. I wasn't satisfied. They relate to matters some of which are within my own personal knowledge, and I think that requires me to put a degree of attention to the detail that I might not do if I were speaking institutionally.

I would expect to be working on them today, and I would expect to have them finished tomorrow.

Senator LIEBERMAN. Fine. OK, I understand, and I appreciate it. We look forward to getting them.

I share the Chairman's concern about the grants to State and local governments and first responders. And I just want to very briefly say in response to your two responses, there is a significant amount of money in the pipeline. You are right. But as you said, and I think this is the important distinction, just about every dollar of it has been obligated at the local level. So it is not additional money that is available to be spent, and the State and local responders do have a real crying need for that.

Second, my guess is you are right that there has been \$18 billion provided to State and local governments since September 11. But as you probably know, there was that bipartisan panel, headed by our former colleague Warren Rudman, that issued a report in 2003 and concluded that if the then-current level of investment in these programs remained unchanged, the country would fall about \$100 billion short of what was needed to adequately prepare.

And I would add, just to put it in context, that original estimates by David Boyd, director of Project SafeCom at the Department of Homeland Security, put the total cost of just the interoperability needs of State and local first responders at \$18 billion. So I think we have a lot more that we can and should do.

I want to focus on port security, if I may. It is now more than 4 years since September 11 and then the adoption early in 2002 of the Maritime Transportation Security Act, which required the Department to issue minimum security standards for port facilities in our country.

To my knowledge, those standards have not yet been issued. Can you explain why and what schedule you are on now?

Secretary CHERTOFF. If you would just excuse me for a moment?

The problem is there were so many different plans. I know that there is a report that was due to Congress that I think we sent up yesterday, which is maybe what you are referring to. What I will do is get back, if we are talking past each other, I will find out the status of that. But we sent up a report that was due under the statute with our baseline security assessment on ports, I think, went up yesterday.

Senator LIEBERMAN. OK. I will look forward to that with some interest and respond to you when I see it and see if it fulfills that need.

I want to go back and just go over a little bit about what you indicated about inspection of containers coming in. Because the percentages that you gave us are dramatically different from the numbers we are dealing with, and I think we may be talking here about apples and oranges. And I want to clarify it because I certainly am under the impression that we inspect only 5 or 6 percent of the containers coming into American ports.

And I always like to point out, which I think most people in the country don't realize, that we still receive well over 90 percent of the goods that come into America by ship. So these ports are very important, and there are a lot of containers coming in.

You said that 72 percent of the cargo coming into the country will go through radiation portal monitoring, and I want you to just help us understand that because I believe we still have a lot we have to do. I know that you are making progress. But just compare those apples and oranges.

And obviously, this is all about detecting weapons of mass destruction, dirty bombs—including, potentially, nuclear devices in containers coming on ships.

Secretary CHERTOFF. I am happy to do that. I want to make sure I am clear because this is always an area where we have to make sure we are consistent in the way we use terms. It is correct we inspect about 5 to 6 percent of the containers that come in. We screen 100 percent.

I know you know—the public doesn't always understand—that screening means we assess the risk of the container.

Senator LIEBERMAN. So just talk about how we do that. It is obvious we don't physically open every one of them.

Secretary CHERTOFF. Correct.

Senator LIEBERMAN. Nor does every one of the containers go through either radiation or something else.

Secretary CHERTOFF. Well, let me begin overseas.

Senator LIEBERMAN. Yes.

Secretary CHERTOFF. Let me indicate that, of course, when we have the Container Security Initiative, we actually do the screening and a lot of the inspection overseas. And that is really, ultimately, where we want to go. I mean, we would prefer never to have to inspect here because we would like it all to be done overseas before the container gets loaded.

But what we do is we take—the details are classified—but we take information about such things as the manifest, the shipper, the destination, the source of funding, other kinds of characteristics, past patterns of shipping from the same shipper. We have some shippers in the C-TPAT program, where we have greater visibility into them.

And based on that and some other characteristics, we score the containers in terms of the risk attached to that particular container. Sometimes that is driven by specific intelligence, and that factors into it. Containers above a certain score are inspected.

Senator LIEBERMAN. Meaning they are opened?

Secretary CHERTOFF. Meaning they will first be—we use like an X-ray to look inside, to see what is in the container—

Senator LIEBERMAN. Right.

Secretary CHERTOFF [continuing]. And measure the density. And then, in many cases, if that doesn't resolve an issue, and depending on the score, we will open and actually look inside the containers and at the material inside. The radiation portal monitor is yet another layer of defense.

Senator LIEBERMAN. And that is what is 72 percent of the cargo?

Secretary CHERTOFF. I think I said 66 percent by the end of this fiscal year will go through—

Senator LIEBERMAN. All right.

Secretary CHERTOFF. Well, let me make sure I have the right—I am not sure if it is 66 or 72. There are two different figures. Do you have the charts?

Senator LIEBERMAN. Well, that is OK.

Secretary CHERTOFF. It is either 66 or 72 percent. You may be right. It may be 72 percent go through the radiation portal monitor. What that is—OK, it is 65 percent by the end of October.

Senator LIEBERMAN. OK. But in any case, that is a lot higher than the 6 percent number that we have in our minds.

Secretary CHERTOFF. Right. That is not inspection.

Senator LIEBERMAN. Not inspection. Right.

Secretary CHERTOFF. The radiation portal monitor is a large device through which a container is driven. If the container emits radioactive particles, it is captured on the device.

Senator LIEBERMAN. Right.

Secretary CHERTOFF. Which can also determine, either at the port or reaching back to Washington to our targeting center, the particular type of isotope. There is a lot of material that comes in that emits radioactive particles that is harmless like marble. Other stuff doesn't.

Senator LIEBERMAN. Yes. And forgive me for interrupting. My time is just about up, and I want to stick to the time. This is to detect nuclear devices or a dirty bomb?

Secretary CHERTOFF. Correct.

Senator LIEBERMAN. So what does the 6 percent number mean?

Secretary CHERTOFF. The 6 percent is where we go further, and we either do an X-ray inside the container to look at the container or we open the container.

Senator LIEBERMAN. OK. My time is up. I would just say, finally, that Steve Flynn, who we all know is an expert, former Coast Guard, has said that to get the kind of security we need, we ought to have imaging systems, need new container imaging systems for every two portal monitors.

And I want to say, finally, I don't see that only including in the budget \$35 million for the imaging equipment compared to \$180 million for the portal monitors. This is an area I urge you to really go back and take a look at, and I hope the appropriators do, too. Because this is one where we ought to raise our guard as quickly as possible and as comprehensively as possible so we diminish as close to zero as we can the possibility of bringing in a nuclear weapon or a dirty bomb.

Thank you. Sorry, Madam Chairman.

Chairman COLLINS. Thank you. Senator Coleman.

Senator COLEMAN. Thank you. I am going to follow up on Senator Lieberman's comments about—it is actually supply chain security, not ports. It is supply chain security, and that is really the critical issue there.

Before I do that, I do want to associate myself again with the comments of the Chairman regarding State and local grants and the concerns there. I also want to raise the issue of—I mentioned I had been in Arizona and looked at the UAVs, which really are a force multiplier.

You are at 15,000 feet, 5 miles up, and you have total view of the area which you are scanning. You can direct Customs and Border Patrol folks to a specific area using incredible technology.

I know we are testing one. Obviously, representing a northern border State, having the ability to have that kind of control of eyes at that distance would make a difference. I think the budget is simply one per year. And I know it is in a testing phase. But if it pans out, I would hope that you would take a look at that.

As you said in your testimony, technology is important. I don't see that in the budget for that technology, and I hope there is flexibility should these things pan out.

Let me go back to the issue of supply chain security, just to be very clear. We look at 1 in 20, it is 1 in 20 of the 11 million containers that come in through our ports, 11 million. One in 20 gets that extra review. We have this automatic targeting system.

And step back before that. We have both a voluntary system, C-TPAT, working with the private sector, and then we have the Con-

tainer Security Initiative, which our folks are working hand in hand at those ports, so we push the defenses back so we are fighting part of the battle not as waiting until it gets here, but in other countries. So a couple of questions about that system.

First, let me go to the radiation portal monitors. My concern is that, today, at least the figures I had is that we roughly screen between 35 and 40 percent today of maritime?

Secretary CHERTOFF. Correct.

Senator COLEMAN. So today 35 to 40 percent are being screened. They go through a system, and you have the portal monitor there, and they give you a reading, and then you have to make some determinations. You have false positives on occasion, depending on what is being shipped. You have to compare it to shipping matter. But only 35 to 40 percent.

So, in 3 years, we have deployed 181. And from what I understand from your testimony that in less than 2 years, we intend to deploy 440 to get to this higher figure. Is that a realistic timetable, and is the money in the budget to do that?

Secretary CHERTOFF. It is. We expect by the end of this fiscal year to be up to—again, let us put the chart back up.<sup>1</sup> I don't want to just go by memory. We are looking at getting coverage of 65 percent of the volume, which would be 294 ports by October 2006. And by October 2007, there is money in the budget to take it up to essentially 96 percent or close to 100 percent.

But I also want to indicate that as part of our Domestic Nuclear Detection Office, we are actually looking to start the next generation of these detectors. Detectors that would be better able to determine if there is material that is being shielded, that would be less likely to give us false positives because it would be more precise about the particular isotopes.

And I should also point out that we have, although they are not quite a technologically advanced as these monitors, we have handheld monitors and devices and pagers that are also used at the ports to detect radioactive material.

Senator COLEMAN. Let me talk about the automated targeting system. First, the system, as I understand it, was really one that was originally developed for smuggling, for drug smuggling specifically, maybe for human trafficking. But not for weapons of mass destruction.

And I know the GAO, we have looked at this, and there are questions about whether the system has been validated, whether it can incorporate real-time intelligence. There have been a number of questions.

Is there any money in the budget to test and validate this automated targeting system?

Secretary CHERTOFF. As I sit here, I don't know if there is a specific item for validation. I mean, obviously, we do want to continually validate the system. Part of the validation is experience. We are always, when we do open containers or we do inspect, that validates in the sense of we can determine whether we have been right or not.

<sup>1</sup> Chart titled "Radiation Portal Monitor (RPM) Deployments at Seaports" appears in the Appendix on page 48.



Another way to validate is to determine if people get smuggled in, and occasionally we do miss something that suggests we are not where we need to be, it has to be adjusted. I have been to the targeting center, though, and as we get more data, it gets better.

Now I will tell you there is an additional step we need to take as part of the supply chain. We need to start to get more information earlier. It will get better as we know more about the cargo. It also gets better as we get more shippers into the C-TPAT program because if you get a known shipper that has always got a routine and you know what is in the shipments, and if they are committed to having real security on a container, that really gives you an ability to eliminate that as a serious risk.

So I don't want to suggest we are at the point where we can say, great, we are done. We have done a lot. But we do have to push this out further, and I have actually talked to some of the shipping companies about things we might do in that regard.

Senator COLEMAN. Regarding C-TPAT, let me just kind of focus on that a second. I do not see any increase in the budget for supply chain specialists. The C-TPAT requires voluntary participation. But one of the concerns we had—and I give you credit, Mr. Secretary, for addressing those concerns—is we have to validate that these companies are doing what they said they were going to do.

We are, in effect, giving them almost a free pass. Not totally, but you factor that in, and they are less likely to have their stuff inspected if they are part of this system. So how do you propose to have the goal of validating companies, and I think the goal is within 3 years, if there is no increase in supply chain staff or the specialists?

Secretary CHERTOFF. Well, I think our total C-TPAT/CSI funding has gone up several million dollars. I am sorry, \$16 million. In addition, we have a better human capital plan now.

Currently, we have either validated or are in the process of validating approximately two thirds of the certified members of C-TPAT. So that is as of this February. If we continue at this rate, we should get most of them validated by the end of the calendar year or in the next calendar year.

Senator COLEMAN. The GAO was worried about the validations, and I think they talk about woefully behind schedule.

Secretary CHERTOFF. Yes. And I think there were some lessons learned and incorporated in responding to that.

Senator COLEMAN. Let me just talk about then the ability to look at individual containers, and we have talked about the system in Hong Kong. Which is not just the ISIS system, not just an ability to scan cargo, but it is really a package. You have optical recognition scanners. You look at what is on the cargo. You compare that to manifest. You have the radiation portal monitor. So, in this case, each and every container is validated.

Is the money in the budget? And I appreciate the fact that you are personally going to go and take a look at that. But that really should be the goal. The goal is, if it is possible and technology makes it possible, to some way actually look at each of the containers that come into the country.

Hong Kong, those 10,000 trucks a day, and they are moving. It is like a moving CAT scan is really what it looks like. Can we make this a concept in reality at all our ports?

Secretary CHERTOFF. Well, first of all, ideally, we want the concept overseas. That is the best of all possible worlds. And I know that we are working with this concept. We are looking at the concept. What I want to caution about is, my understanding is, that while they move the cargo through, they don't actually assess in the way we would really want to assess in real life.

And having watched the VACUS machines operate, the X-ray machines operate, you have to have an operator who knows what to look for, and it takes a few minutes. And the question is when we finally put in an operator and make it operational, will it prove to be practical in terms of the throughput?

I would love to see it be practical. If it is practical, it is the kind of thing we ought to move to. In this case, I think the company itself has funded this. And I certainly think it would be a great idea if we could build an incentive structure to have the private sector pick up a lot of the cost of this because, after all, it benefits the private sector, and that means the taxpayer doesn't have to pick up the bill.

Senator COLEMAN. I would have just a last comment in regard to that. The interesting change that I have seen is that years ago, the private sector, if it was going to add \$3 to \$5 to the cost of a container, they weren't interested. The private sector has come to us, come to me, and said, "Hey, we would like to see this across the board." Because they recognize the risk if something goes wrong.

And so, the idea of adding \$5, \$8, perhaps even \$10 a container to get this kind of security guarantee is something that I think is much more possible today than it was before.

Secretary CHERTOFF. I agree with that.

Senator COLEMAN. Thank you. Thank you, Madam Chairman.

Chairman COLLINS. Senator Levin.

Senator LEVIN. Thank you, Madam Chairman.

First, I would like to talk to you about interoperable communications equipment. This Committee has put a lot of emphasis on that. We have put initiatives in the budget and in the appropriations bills for it. I and others have made a special effort to talk about interoperable equipment with border States so that we can communicate with Canada and Mexico as well as internally.

You indicated, I believe last year in written responses to our questions prior to your confirmation, that you do support the goal of focused spending for interoperable equipment, and you were going to study the issue further. The Administration's response to Hurricane Katrina contains language that says we should develop a national emergency communications strategy that supports communications interoperability. Where are you?

Secretary CHERTOFF. We have a program called RapidCom, which has deployed interoperable communications systems in the 10 largest cities in the country at the command level, meaning not every firefighter or policeman has the ability to talk to another firefighter or policeman. But at the command level, meaning lieuten-

ant or whatever the equivalent is in the firefighting service, they can talk to one another.

The challenge is this, and some of it has to do with this issue of bandwidth. I know there is a question about whether a part of the spectrum is going to be made available for this kind of communication. I think that is maybe an FCC issue.

But we have a series of different systems now migrating into the digital world that are being built by different vendors. The challenge is, first of all, in the short run, we do have technology that allows different systems to bridge through gateways, technological gateways, and we have to get the money out to do that.

But the long-term solution is we have to settle on a system. It is a little bit of a delicate issue because if you pick a particular system, there is a proprietor who has an interest in it.

Senator LEVIN. Do we have a designated funding source to address this challenge?

Secretary CHERTOFF. I think once we get a system in place and we have gateways that we have designated, the grant funding that we have under State homeland grants, under UASI grants, and under other kinds of grants are specifically available under our targeted capabilities list.

Senator LEVIN. But do we now have a designated funding source in this budget or not?

Secretary CHERTOFF. Well, as part of the grant system, the State grants, there is not a separate line item for—

Senator LEVIN. I think there was a commitment to do that, and I am just wondering whether you are going to carry out that commitment?

Secretary CHERTOFF. Well, I think we are doing it through our national capabilities goal or national preparedness goal, which identifies as one of the funding items that we will fund under these grants interoperable communications.

Senator LEVIN. So, in other words, there is no funding source? It is obviously one of the eligible programs. But as of right now, at least, there is no funding source that is line-item designated, as I understand it.

Secretary CHERTOFF. Well, I want to be clear. Our research is funded through S&T. In other words, we do fund our research. The State ability to buy gateways is funded through the State grant systems. They have to elect to ask for the money.

Senator LEVIN. OK. Secretary, a year ago, you indicated that you were going to be opening up five northern border airwing locations. These are critically important in terms of air and marine interdiction, enforcement capabilities along the northern border. The longest border in this country is the northern border, but it is short-changed significantly.

Now there was a commitment to open up an additional one each year. That was not kept last year. Is it going to be kept?

Secretary CHERTOFF. I am told the following is the schedule. And that Plattsburg, New York, and Bellingham, Washington, were opened in 2005, fiscal year 2005. Great Falls, 2006. Grand Forks, North Dakota, is 2007.

Senator LEVIN. Fine. You have the funding to open up one per year then. Is that the short answer?

Secretary CHERTOFF. Right. And Detroit, Michigan, I think the site assessment is complete, and it will be open next year as well.

Senator LEVIN. Great. Thank you.

There is 100 U.S. deep draft ports on the Great Lakes, six connecting waterways to the Great Lakes that must handle cargo during the ice season. So we have a problem of ice breaking in the Great Lakes. We have 17 million tons of raw materials shipped on the lakes during periods of ice cover, which help to keep steel mills going in winter time.

The program that you have, the so-called Deepwater Program, will have you acquire or modernize 200 vessels for the coast, the East and West Coasts and the Gulf Coast, but none for the Great Lakes. In fact, we are losing a ship.

Now given the fact that we have the longest coastline on the Great Lakes, we have this ice-breaking problem, instead of a program such as Deepwater, which I support, to modernize and acquire new vessels, you have a loss of a vessel on the Great Lakes. I just want to let you know you can comment if you want briefly, but I am going to run out of time.

It seems to me you are clearly shortchanging the Great Lakes in this area. The Coast Guard is critically important to us. Their vessels are critically important to us. But there is a program for modernizing and acquiring vessels for the coast, the East and West Coast and Gulf Coast, but none for the Great Lakes.

Can you give us a brief answer as to whether you are going to try to remedy that?

Secretary CHERTOFF. I believe, but I need to verify this. I believe that there will be a replacement ship for the one that has been removed. But let me make sure the Coast Guard double checks that.

Senator LEVIN. Well, in general, though, there is such a disproportion here that you have between the East and West Coast and the Great Lakes. And when you were up for confirmation, this was an issue I talked to you about. You said that you would become more aware of the Great Lakes as our longest coastline. We just don't see that reflected in your agency's programs. I will make that statement and go on to another issue, even though that is critically important to us.

You have spent a lot of time here, Mr. Secretary, in terms of container security. We have a major container security issue in Michigan that is festering. It is a big problem. It is the municipal waste trucks that come in from Canada that cannot be adequately inspected.

Now those are the facts. This is municipal waste. We have a large number of these trucks that are coming to Michigan. We have about 99,000 of these trucks a year dumping Canadian trash in our landfills. Now we resent that because they have more land than we do in Ontario. We think also there is an environmental issue because it is using up landfills.

But I want to just focus on the security issue. We asked your IG about 2 years ago to give us a report on the vulnerabilities since these municipal waste/trash trucks cannot be adequately inspected. I, along with Senator Stabenow and Congressman Dingell, asked for this report. It has just come.

It is so supportive of our position that apparently the IG is afraid of making it public because it will show vulnerabilities apparently in our security system. And so, it is put down "for official use only." I am not allowed to quote from it today.

But it shows such vulnerabilities, I have to tell you—I won't quote from it—supporting what our position is purely on security issues that it is marked for official use only. And all I can do is plead with you, first of all, to read it. I don't know if you have read it?

Secretary CHERTOFF. I haven't received it yet.

Senator LEVIN. I would ask my colleagues to read it and support an amendment which says that if you can't inspect containers coming into this country, if there is no practical way to inspect them, we have simply got to say until they can be inspected, we are not going to allow them.

And I would hope that you would read this report and that you would support that amendment. We talk about inspecting containers, and we should, obviously. We have I don't know how many tens of millions of containers coming in. We have 12,000 trucks entering Michigan each day. They can be inspected, except for the municipal waste trucks, where there is no effective way of inspecting them.

And we know that there are drugs that go into those trucks because we have been able to, apparently by chance almost, find drugs in those trucks. We know that there is medical waste that is in those trucks, where we have been able, just by luck, to find a shipment of that.

But we are talking about chemical, biological materials being placed into waste, municipal waste not by the Canadian government, obviously—not with their knowledge or consent—but by someone who wants to do damage to us. And there is no effective way to inspect them, and we are going to ask for your Department to either give us an unclassified report, which will say what is in this classified or official use only report.

And in any event, to support language in our law which will tell Canada, sorry, we are not able to practically inspect that waste. You are going to have to keep your waste and find a dump site for it yourself.

So that is my request to you, and I would hope that you would promptly respond to it.

Secretary CHERTOFF. I certainly look forward to reading the report and getting back to you on it.

Senator LEVIN. Thank you. Thank you, Madam Chairman.

Chairman COLLINS. Senator Bennett.

Senator BENNETT. Thank you very much.

Mr. Secretary, I am interested in your progress with respect to port security, perhaps picking up on conversation I have had with Senator Lautenberg. As you make your analysis of where you are focusing priorities, high risk, do you take into account the proximity of a particular port to a high-risk situation?

For example, a port in Hawaii has a proximity to a naval base at Pearl Harbor. But a port in New Jersey has a proximity to a chemical plant that, as Senator Lautenberg has said, could kill millions of people.

You are examining cargo and shipping practices for risk, but in terms of places coming in, is there a priority in the Department of, well, we are more concerned about going into Port A because there is a chemical industry around Port A or there is a refinery around port A that is very vulnerable. Do you have that kind of analysis?

Secretary CHERTOFF. We do take that into account in several respects. We do, obviously, with respect to our grant funding. We have been focused on categorizing risk to ports in precisely that way in terms of how we do port grants.

The Coast Guard, in terms of doing the port security plans and assessing the security of the port itself, takes into account the location of the port and what the consequences and vulnerabilities are. With respect to our targeting in terms of container cargo, I don't know that—I want to be a little careful because I don't want to get into details I shouldn't say publicly. There are a lot of factors that go into that mix.

Obviously, with smuggling something in a container, the concern is not only that someone is going to do something at the port. The concern is they are going to take it out of the port and get into a city with it, and that is—

Senator BENNETT. Yes.

Secretary CHERTOFF. But the short answer is, in many respects, we do take account of those factors.

Senator BENNETT. OK. Katrina demonstrated that a hurricane hitting in one part of the country had a significant economic impact, where if it had been X number of miles to the right or the left, it would have had a somewhat less impact because Katrina took out a refinery capacity that didn't exist elsewhere along the coast.

Senator Warner talked to you about cyber security. As you know, that is an area I have been very concerned about. And I was pleased with the announcement of the creation of the position of the assistant secretary for cyber security and telecommunications. But I am unhappy that position hasn't been filled.

Can you share anything with the Committee as to where you are in trying to find that particular individual?

Secretary CHERTOFF. I can tell you that I am unhappy it hasn't been filled. We are talking to a number of people. I have talked to a number of people. Some have chosen not to be candidates because the amount of money you can make in the private sector makes what we can pay pale by comparison.

Senator BENNETT. Yes. Particularly in this discipline. I understand that.

Secretary CHERTOFF. But we do have some people we are pursuing because I do think it is important that we fill this, and in particular it is important we fill it because the way we conceived the position actually unifies IT and telecommunications. And I think that recognizes a convergence of those two elements in real life, which I think is an important step to consider.

Senator BENNETT. OK. Thank you.

Let us talk about immigration for a minute. I am a strong supporter of the President's position with respect to temporary workers. And it is my impression, and I say to my constituents, if we had an effective guest worker program or temporary worker pro-

gram, that would free up the Border Patrol to concentrate on terrorists, drug dealers, and criminals.

And for support of that, I go back to the experience of the Bracero Program of the 1950s, when people came over the southern border, came and went—and it is the “went” part of it that we want to encourage—with relative ease. We had a Border Patrol that was much smaller but could focus on criminal activity and not on those that were coming over to pick celery or strawberries or something during harvest season.

Have you done any studies on what kind of change a guest worker program would make in terms of the Border Patrol activity and Border Patrol effectiveness dealing with terrorists, criminals, and drug dealers?

Secretary CHERTOFF. Yes. We have actually spent a lot of time talking about this because we view the whole issue of border security as part of a system, and I think you are 100 percent right. Without a temporary worker program, we actually wind up impeding the flow, the circularity, the flow of people in and out. It means we are spending a lot of time chasing individuals who really don’t want to do anything else except come and do a day’s work and then go back home or maybe go back home on the weekend.

And that means that our resources are spread more thinly than if they could focus on people who don’t want to come to work, but want to come to smuggle drugs or commit crimes or commit acts of terror.

From my standpoint, and I know the business community wants a temporary worker program, but I have a much more limited objective. I want to have effective border enforcement. And I don’t think you can have effective border enforcement at anything approaching a reasonable cost if you don’t allow us to bleed off the legitimate workers into a regulated non-amnesty program so we can focus on the people we are worried about.

Terrorism and crime across the border is really the core of what we ought to be focusing our Border Patrol on.

Senator BENNETT. Yes. Well, I have seen that in Salt Lake City in the previous administration. We are not a border State. But the Salt Lake City police chief said 80 percent of our drug arrests and 50 percent of our murders involve illegal aliens.

They get across the border. They go past the border State, where there is a degree of sensitivity and enforcement, come inland to Utah, and I have had the experience—I hasten to say in the presence of Salt Lake City police officers—being out on a ride along with the police. I have had the experience of buying cocaine on the streets of Salt Lake City from one of these illegal immigrants, who was arrested within 90 seconds after we had made the purchase. But that was just a live demonstration.

And at that time, the INS official said, well, you are not a border State, so we don’t really need to have that many folks there. It was a dramatic demonstration to me of how important it is to focus there.

Because I know there are plenty of chambermaids in the ski resorts in Utah who are changing sheets, who probably are undocumented, who do not represent any kind of a challenge. And if we are spending all of our time focusing on them and allowing the

drug dealers on the streets of our cities, we have the wrong priority. So I appreciate the way you are making that kind of distinction. Thank you, Madam Chairman.

Chairman COLLINS. Thank you. Senator Akaka.

#### OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. Thank you, Madam Chairman. And I want to add my welcome to the Secretary to the Committee.

Madam Chairman, I have a number of questions, but I would like to have my opening statement included in the record.

Chairman COLLINS. Without objection.

[The prepared statement of Senator Akaka follows:]

#### PREPARED STATEMENT OF SENATOR AKAKA

Thank you, Madam Chairman. Today's hearing comes only a week after Secretary Chertoff appeared before our Committee to discuss the role of the Department of Homeland Security (DHS) in the government's response to Hurricane Katrina. I join Chairman Collins in welcoming the Secretary to this morning's review of the Department's FY07 budget proposal.

It is our responsibility to ensure that the Department has the necessary resources, in terms of funding and personnel, to carry out its mission of protecting the Nation from both natural and man-made disasters. Unfortunately, one of the first comprehensive tests for DHS came in the form of one of our most tragic natural disasters: Hurricane Katrina. All aspects of the Department, including senior leadership, preparedness and response capabilities, and policy and planning, were stressed and strained—many to the point of failure.

In many ways, today's hearing is a follow-up to the Katrina investigation this Committee will conclude shortly. Over the past 6 months, we have identified areas of weakness and uncovered serious management challenges, while recognizing those entities that performed well. We must now ensure that the Department has the tools needed to avoid the mistakes of the past.

Unfortunately, after reviewing the President's FY07 budget proposal for the Department, I do not believe the Administration has aligned its budget priorities in the right order. I am especially concerned about the diminished support for State and local emergency management and homeland security professionals who are our first line of defense.

We know that adequate funding of State and local homeland security initiatives are key to making sure that the people of our home States are protected against natural disasters. That is why I object to the Administration cutting almost \$400 million from State and local homeland security assistance programs. Last year, Congress appropriated \$2.965 billion. The FY07 budget proposes \$2.57 billion for the same programs.

The budget proposal would also reduce the Assistance to Firefighters Program (FIRE Act) by a staggering 55.3 percent and the Emergency Management Performance Grants (EMPG) by 8.1 percent even though the EMPG program suffers an annual shortfall of \$260 million. I look forward to discussing with Secretary Chertoff why these important all-hazards grant programs, which are so vital to my home State of Hawaii, have been cut. These cuts are especially perplexing in light of the Secretary's acknowledgment last week that the Department must emphasize all-hazards preparedness.

Throughout the debate over the creation of the Department, I cautioned that combining the various functions of the legacy departments could adversely impact the Nation's ability to deal with natural disasters. Part of my concern was because I believe that this Administration undervalued the Federal Emergency Management Agency's (FEMA) disaster mitigation programs, which helps communities prepare for and respond to disasters.

Despite my belief that the establishment of the Department would hamper the Federal Government's ability to respond to disasters, it was my hope that DHS would develop an anticipatory culture of preventing and responding to disasters. Perhaps there will be a change in attitude given the \$100 million increase to pre-disaster mitigation as well as moderate increases to both FEMA and the Department's new Preparedness Directorate. However, we cannot wait for catastrophic events like Hurricane Katrina to force this Administration into taking mitigation programs seriously.



With hurricane season only 3 months away, I am dismayed that the Department continues to ignore its enabling statute by failing to establish regional offices. Time and again, I have discussed with DHS officials the need for regional offices. I am particularly concerned because Hawaii, an island State, has no neighbors—no resources outside of what is available within the State—to respond to a natural or man-made disasters. At last week's hearing with Secretary Chertoff, I asked that he review the Department's relationship with the U.S. Pacific Command (PACOM) because my State of Hawaii is the only State that does not come under the protection of the U.S. Northern Command (NORTHCOM). This is why a consolidated DHS presence in the form of a regional Pacific office based in Hawaii is critical. I know that DHS has proposed establishing Federal Preparedness Coordinators in major metropolitan areas, but they are not a substitute for regional offices. I urge that consolidated regional offices be funded through the FY07 budget.

Secretary Chertoff, it is the responsibility of the Department of Homeland Security to provide unity of national effort before, during, and after catastrophic events. Over the past year, DHS has failed to function as a cohesive entity, let alone coordinate necessary Federal, State, and local efforts. Nearly 3 years after its inception, DHS should be experienced in all aspects of planning and integration to achieve unity of national effort. As we debate next year's budget, we must remember that for the good of this great Nation and its people, the Department of Homeland Security must not fail again.

Thank you, Madam Chairman. I look forward to working with you, and I look forward to discussing the Department's budget proposal today.

Senator AKAKA. Mr. Secretary, in looking at your fiscal year 2007 initiatives, particularly your Office of Policy, your budget requests an \$8 million increase in that Office of Policy. Some of these funds, according to your justification, will be to establish a committee on foreign owned investments in the United States.

I understand that this will be the Department's counterpart to the frequently discussed in the past few days Treasury Department's Committee on Foreign Investments in the United States that we call CFIUS. And in a briefing to this Committee, the Department's Assistant Secretary for Policy, Stewart Baker, stated that DHS has been an active, even "aggressive" member of CFIUS and was heavily involved in the Dubai Ports World review.

In light of Mr. Baker's statement, Mr. Secretary, could you explain what the Department intends to use these additional funds for that it is not currently able to accomplish?

Secretary CHERTOFF. We currently fund that out of our infrastructure protection component. That is the way it has been funded since the Department stood up. And the idea here is to actually enhance its resources, move it to the Office of the Assistant Secretary—hopefully soon to be an under secretary—for Policy, which would then give that person a somewhat easier ability to operate across all of the components in order to gather information for purposes of our participation in CFIUS.

So we essentially would be taking some of the people and some of the function out of infrastructure protection and moving them, but I think it would add a little extra resources as well.

Senator AKAKA. Could you tell me how these funds and resources would be enhanced?

Secretary CHERTOFF. I think we were talking about maybe an additional FTE. I have to double check that. One additional FTE on top of the individuals that we would be transferring from IP to policy.

But I should make clear that when we have a CFIUS transaction that has to be reviewed, we obviously talk to a number of different components, and the people in the components, as part of their or-

dinary work, are expected to assist the CFIUS people in terms of their review.

So I mean, you have people who are full-time dedicated or substantially dedicated, and then you have people who, on an as-needed basis, will contribute information, views, facts, or whatever else needs to be taken into account.

Senator AKAKA. I want to know about DHS's fiscal year 2006 request of \$50 million to establish DHS regional offices. In our last hearing with you, I did mention about regional offices. Just last week, the White House called for the establishment of DHS regional offices in its Katrina report.

I understand that some may think that regional offices would create an extra level of bureaucracy. However, I want you to understand, Mr. Secretary, that from the perspective of Hawaii, as I have mentioned before—which is 2,500 miles from the Mainland, with no contiguous States to rely upon in the event of a disaster and has a 6-hour time difference with Washington, DC—the benefits of a regional office outweigh the potential costs. And we need a point of contact out there in the Pacific as well.

I would appreciate it if you could clarify for the record whether DHS agrees with the White House and intends to establish a regional office system?

Secretary CHERTOFF. I think I have previously said that I did believe we needed to have a regional preparedness function to be married up to FEMA in the FEMA regions. The exact configuration of that I don't think is finally settled, but I am not talking about a huge bureaucracy.

We are talking about the FEMA people in the region, preparedness people who would be planners, and then I think we have an agreement with the military that they would designate some of their planning folks to co-locate. The idea being that we would have in every region a cell of operators, planners, and military planners who would build the plans to deal with emergencies or crises at a closer level with State responders.

We do endorse that idea, and we do intend to execute on that. And we are, in fact, in the process of trying to identify the people who are going to want to take this function on.

Senator AKAKA. Do you have an idea when you may be finalizing that proposal?

Secretary CHERTOFF. I think probably in the next month or two.

Senator AKAKA. Mr. Secretary, the Homeland Security Act required that the Secretary of Homeland Security submit to Congress a report for consolidating and co-locating regional offices of the 22 agencies that formed DHS by November 2003.

We still have not received this report, which makes it difficult for the Appropriations Committee to assess how to allocate funding for regional offices. Will you commit to provide this report to Congress?

Secretary CHERTOFF. I am not sure what the report refers to. There was originally a conception, I believe this was before my time, of a kind of regional DHS office that would encompass all of the components. I want to be clear that is not what we are talking about doing here.

What we are talking about doing here is a regional office that would be what I call a much smaller footprint and that would be

focused on preparedness, response, and planning but, for example, wouldn't be involved with Border Patrol, or we wouldn't control Coast Guard.

In other words, we are not going to have mini DHS secretaries in the various regions. So I am not quite sure what the report is. It may be that the original proposal that was reflected in the report has been overtaken by events. I will find out and let you know.

We will be able, though, to brief Congress on what our plan is in terms of these regional planning, preparedness, and response offices within the next couple of months, I think.

Senator AKAKA. Yes. May I just point out that this report is called for in Section 706 of Public Law 107-296.

Madam Chairman, I know my time has expired.

So thank you very much, Mr. Secretary.

Chairman COLLINS. Senator Voinovich.

Senator VOINOVICH. Mr. Secretary, I would like to talk about people, human resources. I chaired a joint hearing of the Subcommittee on Oversight of Government Management with the House Subcommittee on Civil Service back on March 29, 2001. And at that hearing, we had a report on U.S. security in the 21st Century, and I would like to quote from that report.

It says that "As it enters the 21st Century, the United States finds itself on the brink of an unprecedented crisis of competence in government. The maintenance of American power in the world depends on the quality of U.S. Government personnel, civil and military, at all levels. We must take advantage, immediate action in the personnel area to ensure that the United States can meet future challenges."

And a former Secretary of Defense, James Schlesinger, who was one of the people that testified, said, "In other words, it is the commission's view that fixing personnel problems is a precondition of fixing virtually everything else that needs repair in the institutional edifice of U.S. national security policy."

Since that time, we have had September 11. You are now part of the whole issue of national security. I want to congratulate you on including in your budget money for implementation of your MAXHR program, which is your new personnel system. I think it is really imperative that you underscore how important that is to the Budget Committee so that you can move forward to deal with the human capital challenges that you have in the Department of Homeland Security.

I believe that if we are going to be successful in this century that the Federal Government is going to have to be the employer of choice in the 21st Century. Quite frankly, we are not yet there today.

I would like to agree with our Chairman and Ranking Member in regard to Emergency Management Performance Grants. Just as personnel is very important to you, I believe that we are underfunding EMPG and that our States don't have the manpower to do the job that they are supposed to do.

I understand that you are going to get a report back on the preparedness of the various States, and I would hope that you would consider whether part of the reason why some of the States are not

adequately prepared is that they don't have the people to get the job done to follow through with a readiness/preparedness plan.

Regarding the issue of interoperability equipment, the question was raised, is there going to be money in the budget that is earmarked so that States can go forward with meeting interoperable communications needs? Because I think what we found in Katrina was that there was no interoperability of communication. It was one of the things that really stopped responders from doing the job that they were supposed to do. Is there money for it?

Secretary CHERTOFF. There is money in the budget for our research in science and technology. And there is grant money available through the homeland security grants and the UASI grants for interoperability. Now the State has to choose to do that.

If the State applies for money and doesn't want to use the money for that, we haven't designated a particular item and say you have to use this for interoperability. Some States may feel that they are covered in terms of the way that they have their local law enforcement involved.

There is clearly a technological step that we have yet to make, which is settling on the architecture for the particular digital communication system that everybody would acquire. The challenge in doing that, as I started to say, is there are proprietary systems that don't talk to each other.

Without getting into an area that is delicate because there are going to be a lot of people with a lot of money at stake listening carefully to see if I am tipping my hand somewhere, I think we are going to have to figure out a way—it is like railroad track. Ultimately, we are going to have to figure out what the gauge of the track is so everybody can build the same.

Senator VOINOVICH. Well, the question I have is, how much money is going to be available to interest the States to fund interoperability? As governor of Ohio, I spent \$271 million to implement the MARCS system. Since then, Governor Taft has continued to buildup the MARCS system, increasing the number of State dollars to over \$300 million. Additionally, municipalities have continued to make interoperable communications a priority, bringing the total funding to over \$500 million State-wide with the assistance of the State Homeland Security grant funding.

It is no wonder that Ohio has a strong communications system. Now they are working to expand beyond voice and get into data. I would suggest that Ohio could be used as a model for other States. But, if there isn't adequate funding from the Federal Government, many of the States aren't going to put the money into interoperable communications. Mr. Secretary, are you suggesting it is solely the State's responsibility to fund these programs, without Federal assistance?

Secretary CHERTOFF. No. I am saying there is money available. The State will have to choose, in requesting money under the grant program, to use it for interoperability. It turns out that, in fact, the No. 1 item requested by States and funded in our grant programs is interoperable communications. But the State has to make the judgment.

If the State of Ohio decided, for example, that they are where they want to be with that and they would rather have their grant

funds used for something else, as long as that something else was within our targeted capabilities list——

Senator VOINOVICH. Ohio is choosing to use over half of the State Homeland Security grant money for interoperability.

Secretary CHERTOFF. Well, that is great.

Senator VOINOVICH. For clarification, Ohio has spent over \$300 million on interoperability. But, I am concerned that you are basically saying that DHS will help States with the technology, but the majority of funding is going to have to come from the States. That is a large investment.

Secretary CHERTOFF. No, our Federal grant funding—the grant funding that we give them under our programs can be used by them for this purpose. All I am saying is when they ask for the money, they have to choose——

Senator VOINOVICH. Well, the grant program, Mr. Secretary, doesn't even scratch the surface, if you are talking an investment already in excess of \$300 million. That is an enormous sum of investment by a State.

If you are going to have a good response system on the local level, you have to have the manpower that puts the program in place, and they have to make a commitment. The plan has got to be there. And then the people who are working on it have to be able to communicate with each other. Establishing this network requires substantial investment. We must ensure that the Federal Government can support this investment in interoperability.

The last thing I would like to ask you about is the issue of FEMA. I am really concerned about the condition of FEMA's workforce. My understanding is that FEMA's workforce has suffered a significant erosion, that the agency has lost as many as 500 employees since its merger with DHS, and that these people haven't been replaced.

I further understand that the staffing at your senior career levels is particularly lacking. For instance, 8 of your 10 regional directors are working in an acting capacity. And all three of FEMA's top Preparedness, Response, and Recovery Division directors have left the agency since 2003. And as of October 2005, FEMA had 17 vacant senior executive positions.

You can't successfully operate FEMA without the people that are necessary to get the job done, having the right people with the right knowledge and skills at the right place. How are you going to handle this situation?

Secretary CHERTOFF. This is a huge issue. And you know, I don't want to underestimate the nature of the problem because it is one thing to put money into a system and another thing to get people for the system. You have to be able to attract people. And I will not deny that certainly when there is a lot of negative publicity, it doesn't make a lot of people want to migrate.

We are looking very closely now at putting together a top management team to get in place within a very short period of time. Right now, of course, we have an acting director who is very capable and is very well respected. But underneath that, we have to build some other people.

So we are doing some active recruiting. There may be some promotion within. Above and beyond that, we have to get about the

business of hiring. And I will be honest with you in saying that I think FEMA was so overwhelmed in the first few months after Katrina, just keeping its head above water—no pun intended—dealing with emergent needs, that the kind of stuff you need to do to run the agency was really put on the back burner.

We are putting our procurement and our human capital people into FEMA in effect to help them do this recruiting and help them get up and running. But I will acknowledge to you that this is an area that I am concerned about.

Chairman COLLINS. Senator Dayton.

Senator DAYTON. Thank you, Madam Chairman.

Mr. Secretary, I want to acknowledge at the outset that you inherited the badly broken systems of immigration control and border security when you arrived. Any government which cannot assure the integrity of its country's borders and control of the people and the products which enter is failing its most fundamental responsibility to its citizens.

And despite the efforts of your Department, from all accounts, there is a continuing flood of illegal people and illegal products and especially illegal drugs flooding our country.

And Senator Coleman and I have met with local officials in Minnesota, small communities that are literally desperate. I mean, they are overwhelmed by the trafficking of drugs, by the illegal immigrants that are in the communities, by the predators that are dealing.

And ironically, with the action of the Minnesota legislature and some other States to ban Sudafed and some of the other products indigenously, the result has been that even more potent methamphetamine, I am told, is coming in, flooding into our communities in Minnesota from the Mexican border.

So I realize the commerce of this country depends on business as usual. But this is business as usual. Business as usual means that we are hemorrhaging our children and sacrificing their lives, literally, to continue a convenient flow of goods across the border.

What do we need to do, even conceptually, what would we need to do to stop—I don't mean just mitigate, but stop the flow of illegal people and illegal drugs into this country? We have to, in my mind, define what it is we would have to do, and then we can decide whether or not we are willing to do that. But we are just playing games here, and these people are out for our lives.

Secretary CHERTOFF. I am going to come back to what I said to Senator Bennett because I think that the problem of illegal migrants coming in is different than the problem of drugs.

Senator DAYTON. I agree.

Secretary CHERTOFF. If we can build a comprehensive strategy, which is a secure border, plus work site enforcement, plus a temporary worker program so that we can focus our border resources not on people who want to come and make beds at the Quality Inn, but people who want to come in with drugs, we will then have actually applied the resources we have where I think most people want to see them applied.

Without a temporary worker program, we have to chase everybody who comes in illegally. And that means, by definition, our per-

centage of ability to capture illegal drugs that come in or other criminals that come in is less.

Senator DAYTON. Sir, I don't want a percentage. I want to know what conceptually we would have to do. Do we need 20,000 more people? Do we need a fence?

Secretary CHERTOFF. I don't think a fence—

Senator DAYTON. What do we need to do to put a stop—let us talk about the illegal drug trafficking, which is just destroying these communities.

Secretary CHERTOFF. I think we need to siphon off the migrant problem into a temporary worker program, focus our border resources on the border. But it is also the Coast Guard who has to play a big role in this. A lot of the stuff is flown by air over the border, and they have landing strips on this side.

And the other thing, of course, is you have to break the organizations, the drug organizations, in this country, and that means increased prosecution, drug prosecutions, take their assets, put them in jail for long periods of time. Find ways to discourage users, which means sometimes we require forfeiture of vehicles and things that people are using when they are buying drugs.

Senator DAYTON. Who is responsible, if we talk about just the interdiction? We talk about the Coast Guard. I agree. We talk about the border. We talk about landing strips. Who is responsible?

Secretary CHERTOFF. We are responsible—

Senator DAYTON. The top official in the Federal Government who is responsible for stopping the flow of illegal drugs into the United States?

Secretary CHERTOFF. Well, we are responsible at the border. In terms of prosecution and internal enforcement, we share responsibility with DEA and FBI and, obviously, State and local law enforcement. There is a national drug czar, John Walters, who has, I guess, the integrated planning and integrated strategy portfolio. The Defense Department plays a role in support of us in terms of interdiction. We have a lot of assets out there.

You have to use every level of American national power to do this. It is, yes, we have to do better at the border, better at the Coast Guard. But if we aren't, for example, drying up the demand by seizing assets of people who buy drugs or by really cracking down on people who sell drugs with long jail terms, then we are just asking someone to stick their finger in the dike to hold back the flood. So I think all of us are going to have to push harder on this.

Senator DAYTON. Well, with all due respect, I need to know what "push harder" means. I need to know in quantifiable terms, in terms of the budget, whether this budget is adequate to do that—really make a difference, really change, reverse the status quo or not.

Secretary CHERTOFF. Well—

Senator DAYTON. Because, sir, it is just not—I would like to bring you to Worthington, Minnesota, and talk with the mayor and talk with the police officers who are overwhelmed. Who have cut-throat criminals who are making mega dollars off of the people in that community, and they are overwhelmed. And they can't deal

with that. They don't have first responder money, in addition, but that is a separate issue.

It is our responsibility, yours and mine, to stop this epidemic. And if we don't do it, no one else will do so. So I need to know specifically and backed up with resources, people, and dollars. And if it means bringing border migration to a halt, that is something we ought to look at.

At least we ought to know what it would take to do that, to have zero tolerance for this kind of flood of a dangerous drug, it is much more, a daily threat. It is not just a threat, it is more a reality than a terrorist attack. I mean, it is a terrorist attack. It is a continuing terrorist attack, and we are just looking the other way.

Secretary CHERTOFF. A fence at the border would not deal with this problem because what would happen is you would get people coming up on the coast. You would get people flying across the border.

I mean, there is a large piece of this that is the border, but a lot of it is the demand inside the United States. If people didn't use the stuff, no one would be bringing it in. And I have spent a lot of years doing drug cases and doing drug enforcement, and the problem has always been the same. You have to do everything at once.

If you simply say, well, we have to shut the border down, that is not going to do the trick. It has to be interior enforcement, strong prosecution, and you have to focus on the users. You have to start to make users pay a price if they continue to fuel the market for illegal drugs.

Senator DAYTON. Well, I would like and request a response, and I will put it in writing, what "everything at once" means. Thank you.

Also, my time is almost up, but I am going to give you, in conclusion, a letter regarding Roseau, Minnesota.<sup>1</sup> I mentioned this the last time that you were here. They applied 3 years ago, this city that was flooded in northwestern Minnesota. They applied 3 years ago for one grant that was finally approved by the FEMA Region V office. They have another one, \$619,000, that was denied. They began the application process in March 2003. The city flooded in June 2002. They were denied this in December 2005. They are now in an appeals process.

I mean this is crazy. Three years of a process for a city that is trying to rebuild itself. So I would ask if you could give that your personal attention, please?

Secretary CHERTOFF. I will.

Senator DAYTON. Thank you, Mr. Secretary. Thank you, Madam Chairman.

Chairman COLLINS. Senator Lautenberg.

Senator LAUTENBERG. Thank you, Madam Chairman.

Mr. Secretary, since breaking through the complications of cargo, of containers, of manifest, etc., it is a fairly complex job and that is in the screening process. I think that it is fair to say that we have to look to whatever means we can within the law or change the law to make sure that we have exhausted our view of those

<sup>1</sup> The letter submitted by Senator Dayton appears in the Appendix on page 46.



who are coming into our port area. And that is brought out by this Arab Emirate attempt to come into ports across the country.

And what I am proposing to put in legislatively is something that says the management of the port, of the port area, will have a responsibility, a mandated responsibility to check the history or the background of those who are applying for a lease, whether it is a transfer of a lease or a new lease or a purchase of property. For them also to be included in the loop so that there is an opportunity for them, if they find anything, to deny a lease extension or a lease transfer or a purchase of property.

Do you think something like that can be of help?

Secretary CHERTOFF. Well, it is hard for me to react in the abstract. I can tell you that the Coast Guard and TSA, actually, under legislation that currently exists is in the process of putting in place background checking requirements for people at the ports.

Whether the port authorities—which I guess are really State agencies. I know New York/New Jersey is a bi-State agency. I think Maryland is a State agency. Whether they ought to have a separate authority may be a matter of State law as to whether they do because they are really State entities.

So I guess the answer is I am always interested in looking at something and reacting, but it is hard to do it in the abstract.

Senator LAUTENBERG. All right. I would like to attach it to the receipt of Federal money.

You and I agreed, and I think our colleagues as well, that when it comes to the port areas that risk assessment ought to be the criteria by which we guide our decisions for grants. Now according to your staff in the fiscal year 2005 port security grant program, the most recent program, risk-based threat assessment was used.

In the awards program, the port of Memphis received \$6.5 million. The port of New York and New Jersey received an almost identical amount of \$6.6 million.

Now I have a list of the tonnages and the number of containers and so forth, and I don't find Memphis on here at all. And I don't want to pick on Memphis. But how is that justified?

Secretary CHERTOFF. There are two parts to the program. I am going to have to say this, and it might make some people a little unhappy back at home. There is an eligibility based on risk. There is also an investment justification. You have to come up and you have to say very specifically what do you want to spend the money on.

And we have the captain of the port, the Coast Guard person in charge, and another committee of people locally evaluate the investment justifications and rate them. Sometimes a port that might, in terms of risk, be high up doesn't really put together a very good investment justification. We get something like "give us money, and we will do something with it." I am exaggerating. And that won't cut it.

I mean, part of what we are going to—and this is not the easiest thing in the world to tell people is—part of what we are going to say is that risk is the threshold. High risk should get money. And certainly, New York/New Jersey is in the highest risk category. But you can't just then stand and put your hand out and say, "Well, give me money." You have to have a specific investment justifica-

tion and make sense. And it will be reviewed by the captain of the port and other people from Customs to really kick the tires.

Senator LAUTENBERG. All right. I get the message, and since time is short. But we are going to take the liberty of checking this thoroughly from our office, including a review of the Coast Guard's agreement or assessment of risk.

Mr. Secretary, something I want to ask you about, and that is how do you verify the reliability of vendors or the authenticity of accounts payable? Let us say for FEMA, for Katrina. How do you check those things?

And the reason I ask that question is it was just noted that the Defense Department is going to pay Halliburton \$250 million that was, according to the auditors, an unjustified expense. Now that is a breach of certainly decent management or trust the likes of which are rarely seen.

But we are not surprised when it comes from Halliburton. I would like to know what happens with FEMA and any of your Departments when it comes to taking care of this?

Secretary CHERTOFF. This is a procurement issue. Shortly after I got onboard a year ago, I asked the IG to come in and give us an assessment of what he thought we needed to do to improve our procurement process. Because my observation over time has been these problems most often arise when you have started the procurement process in a sloppy way, or you haven't fully thought out what you want to procure, and then you keep adding change orders and you keep adding things to the contract, and you wind up getting disputes.

We are enhancing our procurement office. We have just brought a new procurement officer onboard to replace our old one. And we are trying to drive, through a combination of the procurement office and our investment review board, to a much more systematic procurement process, getting the IG involved early on in the process of designing our system.

So, hopefully, we don't have these huge problems where, at the end of the day, there is a real disconnect between what the vendor thinks we are asking for and what we think we are getting, which tends to—I don't know the particulars of this case. But my experience is that tends to lead into some bad, bad stuff.

Senator LAUTENBERG. Right. Well, I wanted to highlight that because this information was just in the newspapers, and the auditors say don't pay it. And the Department of Defense says we are going to pay it any way, \$250 million.

According, Mr. Secretary, to the American Association of Port Authorities, even if all \$600 million of new grant programs are given, we still have a \$400 million shortfall in the level required to keep our ports safe. How do you deal with that if those are the facts?

Secretary CHERTOFF. That is obviously port authority operators tend to think that they need more money than they get. I doubt you could find a single sector of the business world or the infrastructure world that doesn't say we could use more money.

I think that if you look at the total amount of spending on ports, recognizing how much of—

Senator LAUTENBERG. You are justifying the \$400 million shortfall and attribute it to crybabies?

Secretary CHERTOFF. Well, I am saying that I don't necessarily buy into the fact that \$1 billion is the necessary amount. I understand they are taking that position.

But I think we have put a lot of money into port security, including the Coast Guard and Customs and other things, and I think that often does not get counted by the port authority people because they don't see it. It is not coming to them, but it is part of what pays for everything around them, including the guns and the boats that they see on the waterway.

Senator LAUTENBERG. Thank you. Thanks, Mr. Secretary.

Thank you, Madam Chairman.

Chairman COLLINS. Thank you.

Mr. Secretary, once again, you are in luck. The Senate has begun four stacked votes, and we have only a few minutes remaining in the first vote. So I am going to ask my colleagues, rather than doing a second round of questions, to submit questions for the record.

I had hoped to ask questions relating to the TWIC card, the PASS card system, chemical security, your views on the composition of the CFIUS committee, and fire grants. There are so many other issues, but they will have to wait for another day.

Secretary CHERTOFF. And also I would be delighted to come by and just chat about some of these issues informally.

Senator LIEBERMAN. Fine.

Chairman COLLINS. Thank you.

Senator LIEBERMAN. Thanks for your testimony. I also will be adding to the homework of you and your staff, Mr. Secretary, with additional questions. Thank you.

Chairman COLLINS. The hearing record will remain open for 15 days.

Thank you very much for your testimony, Secretary Chertoff.

Secretary CHERTOFF. Thank you.

Chairman COLLINS. This hearing is adjourned.

[Whereupon, at 12:15 p.m., the Committee was adjourned.]



## A P P E N D I X

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### PREPARED STATEMENT OF SENATOR CARPER

Thank you, Madam Chairman. And thank you, Secretary Chertoff, for taking the time once again to appear before this Committee.

This is a critical time for the Department of Homeland Security. While we may have made some progress in areas like aviation security in recent years, it should be clear to all of us now—6 months after Hurricane Katrina—that it will take time, patience, strong leadership, and, in all likelihood, significant resources before this Department can become what we intended it to be when we sat in this room after September 11 and began the process of putting it together.

It seems like this Department has been forced to respond to one crisis after another since it was created. First there was the need to secure our airports. Then, in the wake of a series of bombings in Europe, a call from many of us—myself included—for more attention to rail and transit security.

More recently, there's been more attention on immigration and border security issues. That's reflected in the budget we'll be examining today. I suspect that now there might be an effort to get more resources for port security.

I'm sure we'd all like to be able to spend more money in all of these areas. That's not realistic, however. I look forward to hearing from Secretary Chertoff, then, about how the Department of Homeland Security is setting priorities. Just as important, I look forward to hearing more about how the Department is saving money and effort and improving outcomes by better integrating the work of the various agencies that make it up.

There are some parts of this budget I like but there's also much of it I don't like. For example, I still don't see a strong enough commitment to non-aviation security—especially port, rail, and transit security. Plus, I believe States like Delaware would be significantly hindered in their preparedness efforts if the President's proposals on first responder aid and other grant programs were to be enacted.

All of that said, I look forward to working with you, Mr. Secretary, and with my colleagues on this Committee to ensure that the Department of Homeland Security is focusing on the right priorities and, despite the rough time it's had in recent months, is still on the path towards becoming an integrated, more efficient entity that will make us better able to prevent another September 11.



**United States Senate**  
WASHINGTON, D. C.

MARK DAYTON  
MINNESOTA

February 10, 2006

Mr. Edward Buikema  
Regional Director  
FEMA Region V  
536 South Clark Street  
Chicago, Illinois 60605

Re: DR-1419 - Alternate Project Request

Dear Director Buikema:

On February 3, 2006, the City of Roseau officially appealed Region V's decision to deny an alternate project request for Project Worksheet Numbers 963, 969, and 1042. I respectfully request that you shorten the 90-day decision-making process for responding to this appeal.

Roseau's request for an alternate project was first submitted to FEMA in February, 2003. Delays in FEMA's decision-making process have already hindered the city's efforts to recover from the devastating flood of June, 2002, and any future delays would further impede progress.

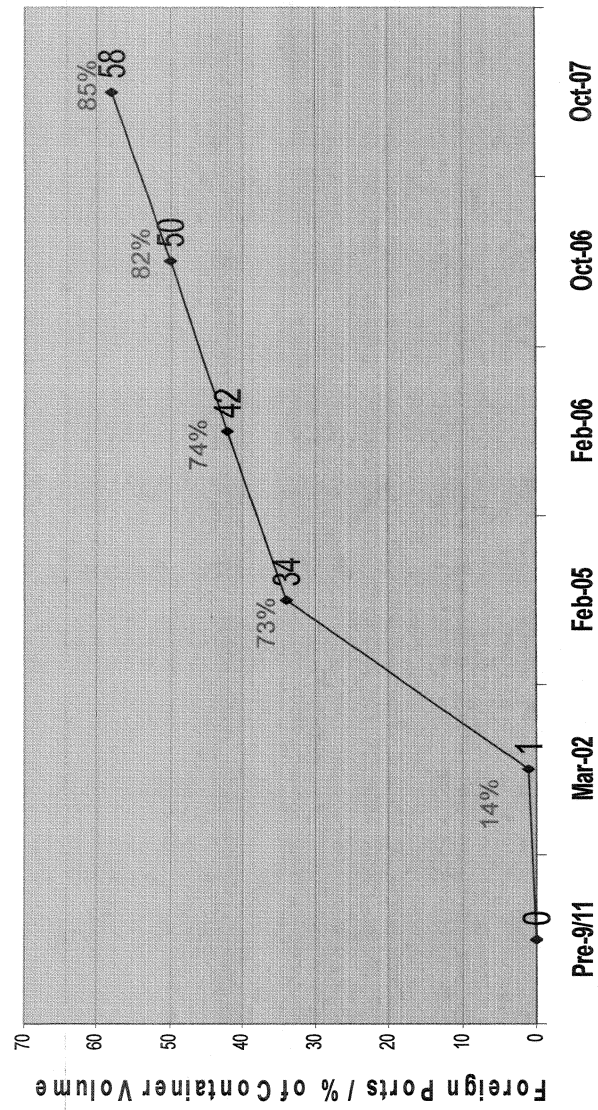
Thank you for your consideration of my request.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Dayton", with a stylized flourish at the end.

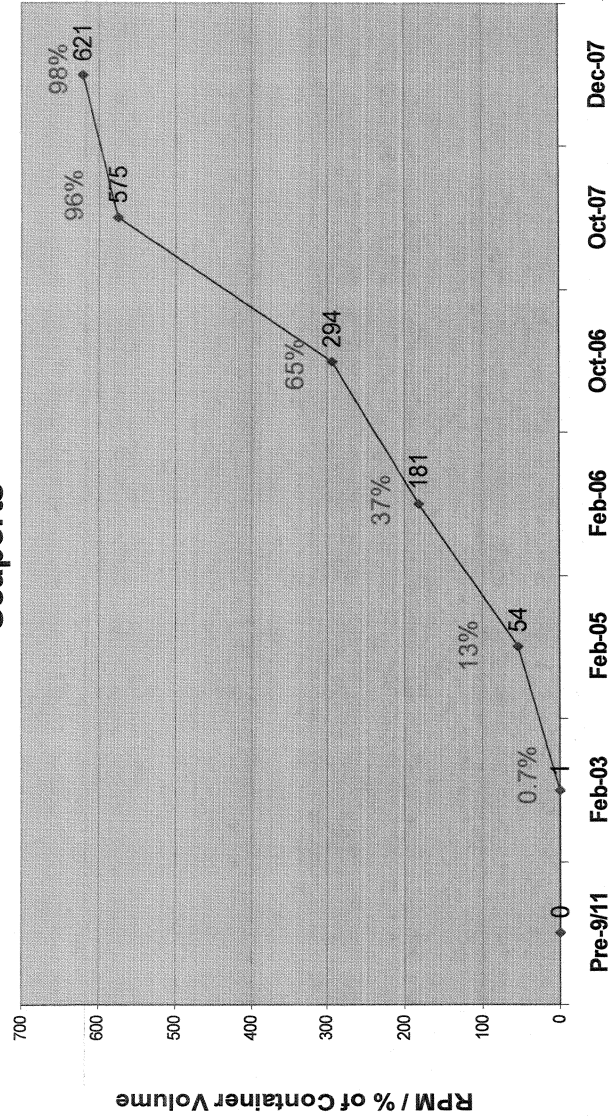
Mark Dayton  
United States Senator

## Container Security Initiative



Homeland  
Security

### Radiation Portal Monitor (RPM) Deployments at Seaports





**Statement for the Record**

**Michael Chertoff**

**Secretary**

**United States Department of Homeland Security**

**Before the**

**United States Senate  
Committee on Homeland Security  
and Governmental Affairs**

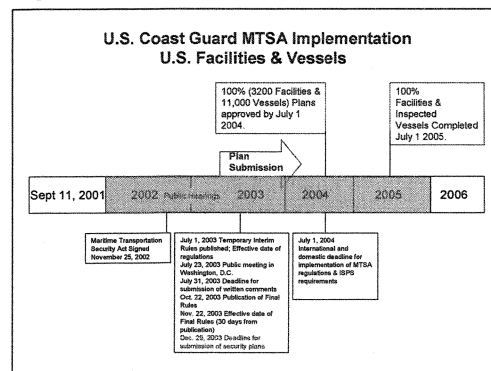
**March 1, 2006**

Madame Chairman, Senator Lieberman, and Members of the Committee:

Before beginning to outline our FY 2007 budget request, I want to thank you for the strong support you showed for the Department in the two full budget cycles since it was fully established in March 2003. This is my first full budget cycle and I am honored and pleased to appear before the Committee to present President Bush's FY 2007 budget for the Department of Homeland Security (DHS).

I would like to begin by assuring Members of this Committee and the public of the Department's efforts to secure the Nation's seaports. The Department continues to implement a multi-layered defense strategy to keep our ports safe and secure. Utilizing the expertise of our bureaus – particularly the United States Coast Guard and U.S. Customs and Border Protection – the private sector, and state and local authorities, we have made great strides since 9/11 to ensure that there are protective measures in place from one end of a sea based journey to the other. With the President's FY 2007 Budget request, total DHS funding for port security activities since FY 2004 total nearly \$10 billion.

As the lead federal agency for maritime security, the Coast Guard routinely inspects and assesses the security of 3,200 regulated facilities in more than 360 U.S. ports at least annually in accordance with the Maritime Transportation and Security Act (MTSA) and the Ports and Waterways Safety Act (PWSA). Every regulated U.S. port facility, regardless of owner/operator, is required to establish and implement a comprehensive Facility Security Plan (FSP) that



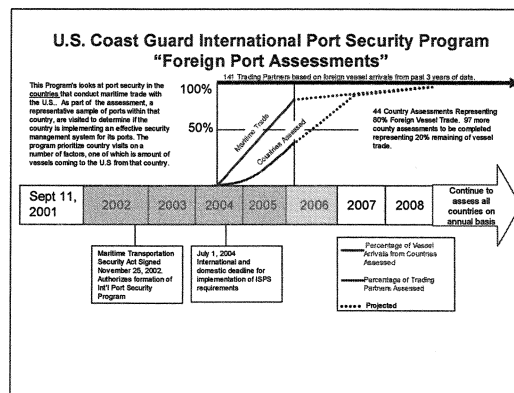
specifically addresses the vulnerabilities identified in the facility security assessment and details measures and procedures for controlling access to the facility, including screening, designating employees with key security responsibilities, verifying credentials of port workers, inspecting cargo for tampering, designating security responsibilities, quarterly training, drills and annual exercises, and reporting of all breaches of security or suspicious activity, among other security measures.

Working closely with local port authorities and law enforcement agencies, the Coast Guard regularly reviews, approves, assesses and inspects these plans and facilities to ensure compliance.

In accordance with MTSA, the Coast Guard has completed verification of security plans for U.S. port and facilities and vessels operating in U.S. waters. Specifically:

- Port Threat Assessments for all 55 militarily or economically critical ports have been completed. The Coast Guard has developed 44 Area Maritime Security Plans covering 361 ports, the Great Lakes, the Inland and Western Rivers and the Outer Continental Shelf region.
- The Coast Guard completed initial security plan verification exams on all 6,200 U.S. flag inspected vessels on July 1, 2005.
- The Coast Guard has completed 2,400 verification examinations on uninspected vessels regulated under the MTSA, and is on track to complete all 4,800 by December 31, 2006.
- Reviewed and approved 3,200 facility security plans.
- Approved 60 offshore facility security plans.

In addition to the Coast Guard's broad authorities for ensuring the security of U.S. port facilities and operations, the Coast Guard worked through the International Maritime Organization to develop the International Ship and Port Security (ISPS) Code. Through the International Port Security Program, the Coast Guard has partnered with other nations worldwide to ensure compliance with ISPS. The Coast Guard has assessed 44 countries, which are responsible for 80% of the maritime trade to the United States. Of those 44 countries, 37 have been found to be in substantial compliance with the ISPS Code. The seven countries that are not in substantial compliance have been or will soon be notified to take corrective actions or risk being placed on a Port Security Advisory and have Conditions of Entry imposed on vessels arriving from their ports. The Coast Guard is on track to assess approximately 36 countries per year.



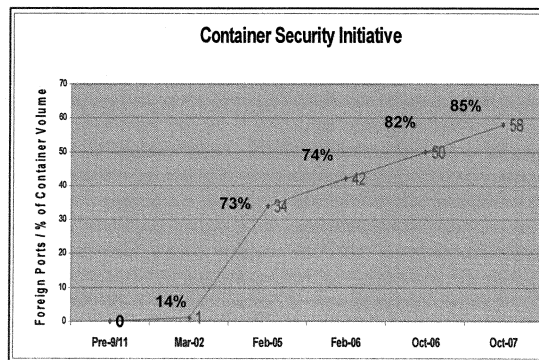
The Coast Guard has also taken multiple steps to enhance our awareness in the maritime domain. Publication of the 96-hour Notice of Arrival regulation allows sufficient time to vet the crew, passengers, cargo and vessel information of all vessels prior to their entering the US from foreign ports. The Coast Guard also has expansive authority to exercise positive control over a vessel intending to enter a port or place subject to the jurisdiction of the United States. Since July 2004, the Coast Guard has boarded 16,000 foreign flag vessels for security compliance with the ISPS Code and the MTSA. Out of those 16,000 boardings, the Coast Guard imposed 143 detentions, expulsions or denials of entry. In addition, the Automatic Identification System (AIS) has been fielded at 9 ports with Vessel Traffic Service systems and allows the Coast Guard to identify and track vessels in the coastal environment. Long range tracking, currently in development, will enable the Coast Guard to identify and track vessels thousands of miles at sea, well before they

reach our coastal zones. Likewise, the Inland River Vessel Movement Center provides critical information about the movement of hazardous cargoes along our Nation's inland rivers.

The Coast Guard has increased its operational presence through a number of other initiatives. For example, the Coast Guard has established processes to identify, target, and have conducted 3,400 security boardings on High Interest Vessels. These boardings included 1,500 positive control vessel escorts to ensure these vessels cannot be used as weapons of mass destruction. The Coast Guard has also established 12 Maritime Safety and Security Teams and enforced hundreds of fixed and moving security zones to protect Maritime Critical Infrastructure and Key Assets (MCI/KA) and Naval Vessel Protection Zones (NVPZ) to protect U.S. Navy and Maritime Administration vessels. Further, the Coast Guard is developing a Risk-Based Decision Making System, to be implemented this year, which will help prioritize High Capacity Passenger Vessels (HCPV) escorts. Although initially developed for high capacity ferries, its application is being expanded to enhance current security measures for other HCPVs: ferries, cruise ships, and excursion vessels carrying 500 or more passengers.

The Coast Guard is also working closely with various other agencies to implement the National Strategy for Maritime Security, and its eight supporting plans. Together, the plans provide the road map for the integration of national efforts in supporting the four primary pillars of maritime security: Awareness, Prevention, Protection, and Response and Recovery. As DHS's executive agent for implementing and updating plans related to Maritime Domain Awareness (Awareness), Global Maritime Intelligence Integration (Prevention), Maritime Transportation System Security (Protection), and Maritime Operational Threat Response (Response/Recovery), the Coast Guard, in cooperation with other stakeholders, is leading efforts to increase the coordination, effectiveness and efficiency of existing government-wide initiatives.

In close coordination with the Coast Guard, U.S. Customs and Border Protection (CBP) mission is to prevent terrorists and terrorist weapons from entering the United States by eliminating potential threats before they arrive at our borders and ports. For example, through a program administered by CBP, the Department has implemented the 24-Hour Advanced Manifest Rule, requiring all sea carriers, with the exception of bulk carriers and approved break bulk cargo, to provide proper cargo descriptions and valid consignee addresses 24 hours before cargo is loaded at the foreign port for shipment to the United States. Failure to meet the 24 hour advanced manifest rule results in a "do not load" message and other penalties. This program gives the Department greater awareness of what is being loaded onto ships bound



for the United States and the advance information enables DHS to evaluate the terrorist risk from sea containers.

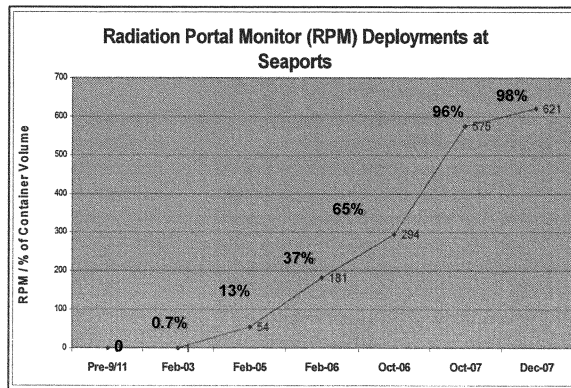
Similarly, the Container Security Initiative (CSI) and the Customs-Trade Partnership Against Terrorism (C-TPAT) initiatives bolster port security. Through CSI, CBP works with host government Customs Services to examine high-risk maritime containerized cargo at foreign seaports, before they are loaded on board vessels destined for the United States. In addition to the current 42 foreign ports participating in CSI, many more ports are in the planning stages. By the end of 2006, we expect that 50 ports, covering 82% of maritime containerized cargo shipped to the U.S., will participate in CSI. The table above shows the Department's substantial progress in expanding the CSI program since September 11, 2001.

Through C-TPAT, CBP has created a public-private and international partnership with nearly 5,800 businesses (over 10,000 have applied), including most of the largest U.S. importers. C-TPAT, CBP and partner companies are working together to improve baseline security standards for supply chain and container security. CBP reviews the security practices of not only the company shipping the goods, but also the companies that provided them with any services.

At present, the C-TPAT program has completed validations on 27 percent (1,545 validations completed) of the certified membership, up from 8 percent (403 validations completed) a year ago. Additionally, validations are in progress on another 39 percent (2,262 in progress) of certified members, and these validations will be completed throughout 2006, bringing the total percentage of certified members to 65 percent by years' end. In 2007, the C-TPAT program validations will continue. And we will have validated 100 percent by the end of CY 2007.

CBP also uses cutting-edge technology, including large-scale X-ray and gamma ray machines and radiation detection devices to screen cargo. Presently, CBP operates over 680 radiation portal monitors at our nation's ports, including 181 radiation portal monitors at seaports. CBP also utilizes over 170 large scale non-intrusive inspection devices to examine cargo and has issued 12,400 hand-held radiation detection devices. The President's FY 2007 budget requests

\$157 million to secure current and next-generation detection equipment at our ports of entry through the DHS Domestic Nuclear Detection Office (DNDO). Over 600 canine detection teams, capable of identifying narcotics, bulk currency, human beings, explosives, agricultural pests, and chemical weapons, are deployed at our ports of entry. As reflected in the Radiation Portal Monitor Deployment



at Seaports table, 621 RPMs will be deployed to our Nation's top seaports, which will allow us to screen approximately 98 percent of inbound containers by December 2007.

CBP's National Targeting Center (NTC) is also a critical component of our layered port security efforts. The NTC provides tactical targeting and analytical research support for CBP anti-terrorism efforts. Experts in passenger and cargo targeting at the NTC operate around the clock using tools like the Automated Targeting System (ATS) to identify tactical targets and support intra-departmental and inter-agency anti-terrorist operations. The ATS serves as the premier tool for performing transactional risk assessments and evaluating potential national security risks posed by cargo and passengers arriving by sea, air, truck, and rail. Using pre-arrival information and input from the intelligence community, this rules-based system identifies high-risk targets before they arrive in the United States. The Department's Science & Technology Directorate (S&T) is supporting the introduction of advanced intelligent algorithms to further improve these risk assessment capabilities.

A key responsibility of the NTC is the support that it provides to the field, including tactical targeting and research support for the CSI personnel stationed at critical foreign ports throughout the world. The NTC, combined with CSI, C-TPAT, the 24-hour rule, and ATS ensures that all containers on-board vessels destined for the United States are risk scored using all available information; and that all cargo determined to be of high risk are examined. The NTC, working closely with the Coast Guard, also vets and risk scores all cargo and cruise-ship passengers and crew prior to arrival. This ensures that DHS has full port security awareness for international maritime activity.

Further, DNDO's FY 2007 budget request of nearly \$536 million, a 70% increase from FY 2006, includes \$157 million which will allow for the acquisition and deployment of nearly 300 current and next-generation radiation detection systems at our ports of entry. These systems will be deployed and operated by CBP. In addition, DNDO's FY 2007 budget also includes \$30.3 million for the development of enhanced cargo radiography screening systems for our ports of entry. These enhanced screening efforts will compliment the many information based programs, such as C-TPAT, the Department already has in place for enhanced port security.

In addition to increased screening efforts at our own ports of entry for radioactive and nuclear materials, the Department fully endorses the concept of increased active and passive detection at foreign ports of departure. The systems DNDO are acquiring and developing can also be used by foreign ports with a CSI presence, as well as the Department of Energy's Megaports program. We must continue to stress the need for increased screening at foreign ports of departure, while at the same time have a robust screening effort at our own ports of entry.

In order for the Department to increase its visibility into the security of our international supply chains, S&T is developing technology solutions that can be applied across the supply chain. Part of this effort is the development of a new class of security devices that will monitor the integrity of intermodal shipping containers and enable CBP Officers, CSI personnel and the NTC to gather information on the status of a container to improve risk assessment and data collection. When coupled with the broad supply chain security architectural framework currently under

development by S&T, the Department will have the capability to bridge data and information between container security devices, shippers, and the National Targeting Center (NTC).

Finally, in addition to the work of the Coast Guard, CBP, S&T and the DNDO, the Port Security Grant program has awarded over \$700 million to owners and operators of ports, terminals, U.S. inspected passenger vessels and ferries, as well as port authorities and State and local agencies to improve security for operators and passengers through physical security enhancements. The mission of the Port Security Grant program is to create a sustainable, risk-based effort for the protection of ports from terrorism, especially explosives and non-conventional threats that would cause major disruption to commerce and significant loss of life.

The Preparedness Directorate will also announce the application process for an additional \$168 million in port security grants in the coming weeks, bringing total funding to over \$870 million since 9/11. In addition, the FY 2007 President's Budget bolsters funding for infrastructure protection, including ports, through the \$600 million Targeted Infrastructure Protection grant program. The FY 2007 request consolidates existing infrastructure grant programs into a single program with a 55 percent increase in funding.

With all of the layered efforts already in place, and the ongoing efforts that are supported in the 2007 budget request, port security has substantially improved since 9/11, and since the creation of the Department of Homeland Security.

#### **Other Key Accomplishments**

I would like to now address some of our other major accomplishments to date. As DHS approaches its third anniversary on March 1, 2006, creating one national integrated strategy to fight the war on terror, through awareness, prevention, protection, response, and recovery remains the key focus of its vision and mission. Since its inception, the Department has steadily progressed in its efforts to vigorously protect America's homeland. Since 2001, the Administration:

- Has increased annual spending on Government-wide non-defense homeland security by 350 percent, more than tripling spending devoted to homeland security;
- Created the Department of Homeland Security by merging 22 separate agencies and programs into a cohesive department;
- Restructured the agencies that handle immigration and border security issues. Customs and Border Protection (CBP) has Port of Entry officers and Border Patrol agents along the border. Immigration and Customs Enforcement (ICE) enforces immigration laws and detains those aliens here illegally. U.S. Citizenship and Immigration Services (USCIS) administers a wide variety of immigration benefits and services within the United States;
- Established the Transportation Security Administration (TSA) to improve aviation security and other modes of transportation security nationwide. TSA hired a screener

workforce and deployed sufficient technology to electronically screen 100 percent of passenger and checked baggage;

- Created a Domestic Nuclear Detection Office (DNDO) to detect, identify, and track down the origins of nuclear and radiological materials; and
- Provided the Department nearly \$18 billion for State, local, and tribal governments to enhance their preparedness for a range of hazards, including \$14 billion for terrorism and other catastrophic events.

When I arrived at the Department in 2005, I initiated a Second Stage Review (2SR) to assess whether DHS' policies, operations, and organizational structure were properly aligned to maximize mission performance. The implementation of 2SR instituted a fundamental reform of policies and procedures critical to achieving the mission of the Department. The Department also conquered many unique challenges, making significant strides protecting vital infrastructure and assets; preventing security breaches; ensuring safe travel and trade across our borders; protecting privacy and civil liberties; and expanding critical partnerships at every level.

In the last year, we have made great strides in the area of prevention and preparedness. Our key accomplishments include:

***Revamping the Port Security Grant Program.*** As part of the FY 2005 Office of Grants and Training (G&T) Port Security Grant Program (PSGP), significant changes have been introduced to make the program more risk based. Changes include limiting eligibility to the Nation's most at-risk seaports and distributing funding based on risk, needs and national priorities for port security. Additional rigor was added to the evaluation process for applications and a communications strategy was implemented to ensure consistent guidance was provided throughout.

The program is being further refined in FY 2006, and will soon link distribution of funds to participation in a port-wide risk management planning process. The intent of this process, which combines the USCG's Maritime Security Risk Assessment Methodology (MSRAM) with the Office of Grant's and Training's own Special Needs Jurisdiction Toolkit, is to allow port areas to develop risk management strategies that will assist them in identifying the most cost effective projects - essentially allowing them to "buy down" the risk in their areas. This program, known as the Maritime Assessment and Strategy Toolkit (MAST), is an essential step in prioritizing risks and facilitating a port-wide risk management planning process. Ultimately, MAST will serve to further enhance the existing Area Maritime Security Plans and also allow for ports to better integrate their security efforts into the broader planning construct that forms the core of the Urban Areas Security Initiative (UASI).

***TSA Moves to a Risk-Based, Threat-Managed Security Approach.*** Employing TSA-certified explosives detection canine teams, piloting behavioral pattern recognition analysis at 10 airports, and through a nation-wide modification of the prohibited items list, TSA has increased its ability to identify and prevent terrorist threats to the nation and enhance aviation security.



***Over \$3 Billion Awarded to State and Local Governments.*** DHS awarded more than \$3 billion in grants, training, and technical assistance to state and local governments to support various prevention, protection and response initiatives.

***Standard First Responder Training Developed.*** DHS established a National Incident Management System (NIMS) standard curriculum to ensure first responder training is widely available and consistent among all training providers. More than 725,000 first responders completed NIMS training nationwide.

***Counterterrorism Training.*** DHS provided counterterrorism training to more than 1.2 million emergency response personnel from across the country on a range of incident response issues, including incident management, unified command, and public works protection/response, and training on weapons of mass destruction.

***Sharing Intelligence Information.*** The Office of Intelligence and Analysis provided state and local governments and the private sector with more than 1,260 intelligence information products on threat information and suggested protective measures.

***Secret Service Operation Taps Network to Arrest 28 Globally.*** U.S. Secret Service conducted “Operation Firewall,” in which the Secret Service became the first agency ever to execute a Title III wire tap on an entire computer network. This global operation resulted in 28 arrests in eight states and six foreign countries. These suspects stole nearly 1.7 million credit card numbers.

The hurricanes last fall stretched our nation’s resources and forced us to reexamine our processes. We still however, saw our first responders and relief personnel do remarkable things to assist our fellow citizens.

***Over 40,000 Rescued by U.S. Coast Guard and FEMA.*** In the wake of Hurricanes Katrina and Rita, the Coast Guard and FEMA rescued over 40,000 people in search and rescue operations. Coast Guard men and women employed their Continuity of Operations Plans and demonstrated deep commitment to the missions of search and rescue, protection of natural resources, and restoration of a safe, efficient marine transportation system.

***More than 23,000 Victims Airlifted from New Orleans Airport.*** More than 700 transportation security officers and federal air marshals helped evacuate more than 23,000 victims at Louis Armstrong New Orleans International Airport.

***\$5.7 Billion in Federal Aid Distributed.*** FEMA distributed over \$5.7 billion in federal aid to more than 1.4 million households to help pay for housing assistance, food, clothing, home repair and other essentials.

***\$12 Billion in Claims Distributed.*** FEMA’s National Flood Insurance program paid over \$12 billion in claims from Hurricanes Katrina, Rita, and Wilma, with an estimated \$10 billion in additional claims to be paid over the next few months.

In the past year, we have also strengthened our borders and interior enforcement of our immigration laws, expanded partnerships with our neighbors, and increased our use of emerging technologies to assist our efforts.

***Secure Border Initiative Success.*** In support of a comprehensive strategy to control the border and enforce immigration laws, DHS adopted a policy to replace the practice of catching and releasing aliens with a “Catch and Return” policy. Expedited Removal (ER) has been expanded along our entire land border as well as the number of countries with nationals subject to ER. DHS adopted a goal to cut ER detention time in half to speed alien removals, and the frequency of deportation flights has increased. Litigation barriers preventing San Diego fence completion have been removed. A process is also well underway to seek and select a contract integrator to implement a comprehensive border protection program plan using technology, staff, and other assets.

***Successful Counter Drug Operations.*** Efforts by CBP, USCG and ICE to secure the nation’s borders have yielded significant positive results in stopping the flow of illegal drugs into the United States. In the most recently completed fiscal year, CBP reported seizing nearly 42,800 lbs of cocaine and more than 531,700 pounds of marijuana. In addition, United States Coast Guard and CBP Air and Marine Operations’ counter drug operations exceeded results from previous years by removing over 338,000 lbs of cocaine from the Caribbean Sea and Eastern Pacific Ocean transit zones.

***Arizona Border Control Initiative Bolstered Resources in Tucson Corridor.*** The second phase of this successful initiative included an additional 534 Border Patrol agents permanently assigned to the Arizona border, a 25 percent increase. These agents were supplemented by 200 agents and 23 aircraft temporarily assigned to the Tucson sector. The initiative coupled with Operation ICE Storm, a human smuggling initiative, resulted in more than 350 smugglers prosecuted in total, millions in illicit profits seized and a significant decrease in homicides according to local authorities.

***Security and Prosperity Partnership Creates Common Security Approach.*** The United States, Canada and Mexico entered into this trilateral partnership to establish common approaches to emergency response, improving aviation, maritime, and border security, enhancing intelligence sharing, and facilitating the legitimate flow of people and cargo at our shared borders.

***Immigration Processing Backlog Cut by 2.8 million.*** USCIS reduced the backlog of applications for immigration services and benefits from 3.8 million cases in January 2004 to fewer than one million in December 2005.

***US-VISIT Biometric Entry System Expanded.*** US-VISIT implemented the biometric entry portion of the US-VISIT system at 115 airports, 14 seaports and 154 land ports of entry. As of December 31, 2005, US-VISIT processed more than 44 million foreign visitors and detected 950 individuals with a criminal history or immigration violations.

***Passport Requirements Strengthened.*** As part of a multi-layered approach to increasing the security of our citizens and visitors by helping to ensure the integrity of their travel documents, DHS imposed requirements establishing that all Visa Waiver Program travelers must have a

machine-readable passport to enter the United States. Visa Waiver Program countries are now also required to produce new passports with digital photographs.

***Implemented Coast Guard Sectors.*** The Coast Guard has reorganized its field infrastructure by unifying previous Groups and Marine Safety Offices into “Sector” commands. Within the new Sector construct, the inclusion of Field Intelligence Support Teams to support port-level commanders, as well as the establishment of Maritime Intelligence Fusion Centers, serves to enhance Maritime Domain Awareness at all levels of the chain of command. This restructuring unifies effort and command, strengthens maritime border security, and improves information sharing by providing a single point of Coast Guard service at the port level. The largest Coast Guard reorganization in a decade, the establishment of Sectors will be complete in 2006, significantly improving maritime preparedness and response without requiring any additional resources.

#### **FY 2007 Budget Request**

In accordance with the premise of 2SR and to build on the Department’s accomplishments, the FY 2007 budget proposal for the Department is driven by a mission and risk-based approach to allocating the Department’s resources, requesting \$42.7 billion in funding, an increase of 6 percent over FY 2006. The Department’s FY 2007 gross discretionary budget is \$35.4 billion, also an increase of 6 percent over FY 2006. Gross discretionary funding includes appropriated budget authority and discretionary fee collections such as funding for the Federal Protective Service; aviation security passenger and carrier fees; and premium collections. It does not include funding such as Coast Guard’s retirement pay accounts and fees paid for immigration benefits. The Department’s FY 2007 net discretionary budget is \$30.9 billion, an increase of 1% over FY 2006.

Central to the Department’s budget are five themes to ensure that all resource allocations correspond with its integral mission and vision. Key enhancements in the Budget for these five areas will allow the Department to execute the initiatives of the Administration and effectively secure our nation.

#### **INCREASE OVERALL PREPAREDNESS, PARTICULARLY FOR CATASTROPHIC EVENTS EITHER NATURAL OR MANMADE AND STRENGTHEN FEMA**

Preparedness addresses the Department’s full range of responsibilities to prevent, protect against, and respond to acts of terror or other disasters.

The Budget includes an increase of \$294.6 million for the Targeted Capability Grants, for a total of \$1.4 billion. This builds upon the \$5.5 billion already in the grant pipeline to assist our states and localities in increasing their preparedness and furthers the Department’s National Preparedness Goals. This funding includes an \$80.65 million increase for Urban Area Security Initiative (UASI) to provide a second layer of protection for urban areas based on risk. It also includes a \$213.9 million increase over comparable programs, for a total of \$600 million, for the Targeted Infrastructure Protection Program (TIPP). This will provide states with maximum

flexibility to target resources to protect our Nation's ports, transit facilities, chemical facilities, and other critical infrastructure.

The Budget also includes \$50 million dollars National Preparedness Integration Program (NPIP) as a new initiative in the Preparedness Directorate. NPIP will improve preparedness by executing Medical Preparedness Coordination, Catastrophic Planning, Emergency Communications Improvements, and Command and Control Alignment.

This budget enhances our ability to respond to and recover from disasters. Indeed, last year's Gulf Coast hurricanes demonstrated the need to strengthen FEMA's planning and response capabilities. While funding was increased for these core activities in 2005 and 2006, the FY 2007 budget proposes a more significant investment to further strengthen FEMA. FEMA's budget represents a 10 percent increase over the 2006 fiscal year, including \$44.7M to strengthen support functions. We will add resources to critical areas such as procurement, information technology, and planning and amounts.

The Budget includes a \$29 million increase and 92 FTE to support FEMA's Strengthen Operational Capability initiative and reinforce its essential support functions within its programs of Readiness, Mitigation, Response, Recovery, and National Security. This program increase will allow FEMA to fill critical positions, and upgrade capital infrastructure and information technology support services.

A \$5 million increase in the FEMA Procurement Staff supports the Department's initiative to strengthen procurement capability across the board. These additional 41 FTE will enhance FEMA's ability to effectively deliver disaster response and recovery services by efficiently and properly processing procurement requests during both routine and extraordinary operating periods.

An additional 40 FTE and \$10.7 million is requested for FEMA financial and acquisition management. The funding requested will build on the positions provided in the FY 2006 supplemental appropriation to operate the Gulf Region Acquisition Center to support the billions of dollars in contracts necessary to meet the unprecedented recovery needs of Hurricane Katrina and to bolster the FEMA's financial management capabilities to meet the demands of current and future catastrophic disasters.

An additional \$5.3 million is requested for National Response Plan (NRP) Support to help FEMA coordinate the response to all types and magnitudes of threats or hazards. It will allow FEMA to support shortened response times and provide more effective assistance during incidents of national significance.

The FY 2007 Budget seeks an increase of \$100 million and 40 FTE for the pre-disaster mitigation grant program. This program is designed to reduce the risk to populations, structures, and critical infrastructure from natural disasters. These funds will provide for the protection of: over 600 additional properties from flood damage through acquisition, elevation, relocation, and/or flood proofing; 250 additional critical facilities from flood damage through drainage, infrastructure, and utilities projects; 240 additional properties from hurricane wind damage; 92

additional storm shelters to save lives from tornadoes; and 154 additional critical public facilities against seismic damage.

Finally, an additional \$5 million is proposed for upgrade of the Emergency Alert System (EAS). The EAS, which uses commercial radio and television broadcast services to send Presidential messages, provides a readily available and reliable means of emergency communications with the American people when catastrophic events occur and other national communications resources have been damaged or compromised. Building on the supplemental funding provided in FY 2006, this funding will be used to improve system coverage, reliability, survivability, and security by providing a two-way, national-level EAS satellite backbone/path that will effectively link all Federal, State, and U. S. Territory Emergency Operations Centers (EOCs).

The budget also proposes:

- A total of \$62.4 million in funding for the Coast Guard's National Capital Region Air Defense (NCRAD) program. This funding is needed to provide an air intercept response to potential threats in the National Capital Region airspace, helping to protect Washington, DC, from airborne attack.
- A total of \$17.7 million in funding to support the Radiological and Nuclear Attribution and Forensics initiative. The request will enable the Department to combine information on potential capabilities of terrorist organizations to develop and deploy threat agents with laboratory-based forensics techniques that determine the source of any nuclear and radiological materials or devices.
- An increase of \$3 million for the Office of the Chief Medical Officer to further strengthen cutting-edge science, technology, and intelligence within the Department's policy-making process. This request, more than doubling resources for this office, will be used to develop policy driven initiatives to ensure that the Nation and its critical infrastructures are medically prepared for catastrophic events.
- An increase of \$10 million to establish an office to oversee chemical site security. DHS will classify facilities into risk-based tiers, establish security standards for each tier, and ensure strong safeguards are in place to protect the public disclosure of any sensitive information gathered by the office.

#### **STRENGTHEN BORDER SECURITY AND INTERIOR ENFORCEMENT AND REFORM IMMIGRATION PROCESSES**

##### **Securing our Borders**

One of the key elements in fulfilling the Department's mission is securing the border, both land and maritime, from terrorist threats and the flow of illegal migration and drugs. Under the Secure Border Initiative (SBI) DHS will focus on controlling the border, building a robust interior enforcement program, and establishing a Temporary Worker Program. SBI, a performance-driven, department-wide enterprise will make dramatic changes in the border security system. It will cover every facet of how we sanction, manage, adjudicate, and remove

persons caught crossing the border; deter illegal migration overall; manage immigration violators currently in the country; and interact with States and localities at the front lines of immigration and drug trafficking problems.

Funding dedicated to SBI efforts facilitates a complete program encompassing many administrative, legal, and regulatory actions. Substantial resource enhancements provided in 2005 and 2006 will pave the way for an effective SBI program, and 2007 will be a turning point towards meeting long-term border security objectives.

Among the key investments in the President's Budget for SBI is \$458.9 million to increase the Border Patrol Agent workforce by 1,500 agents, bringing the total of new agents added since 2005 to 3,000 and the overall total number of agents to nearly 14,000. This increases the size of our Border Patrol Agent workforce to 42% above the level prior to the September 11<sup>th</sup> attacks.

To enhance our ability to protect the Nation's borders, the Budget includes \$100 million for border technology to improve electronic surveillance and operational response. In 2006, DHS will solicit and award a contract to complete the transition from the current, limited-scope technology plan to one that addresses the Department's comprehensive and integrated technological needs to secure our borders. Funding requested in the 2007 President's Budget will provide significant procurement investments needed to begin an aggressive deployment plan.

To fund the continued construction of the San Diego Border Infrastructure System (BIS), we are requesting \$30 million. The project includes multiple fences and patrol roads enabling quick enforcement response and will give the United States full operational control of the most urbanized corridor of our border with Mexico.

The Tactical Infrastructure Western Arizona (TIWAZ) is a critical multi-year project that will deploy approximately 84 miles of vehicle barriers and improve 150 miles of access and maintenance roads. The Budget includes \$51 million for the deployment of this tactical infrastructure in Arizona which will enable the construction of 39 miles of permanent vehicle barriers.

To support the detention and removal of at least another 100,000 apprehended persons annually, the budget includes over \$400 million for an additional 6,700 detention beds and associated staffing and other expenses. This would bring the total number of beds to 27,500 in 2007. A key element of SBI is replacing a "catch and release" protocol for captured aliens with a "catch and return" process, requiring a substantial expansion of bed space. In addition, new bed space will be used to return criminal aliens upon release from State and local prisons, and address the problem of alien absconders defying orders of removal.

The budget also includes \$41.7 million for ICE worksite enforcement, to add 206 agents and support staff for this effort. A strong worksite enforcement program that continues to expand will send a strong deterrence message to employers who knowingly hire illegal workers; reduce economic incentive for illegal immigration; and help restore the integrity of employment laws.

An additional \$60 million is requested for ICE Fugitive Operations apprehension teams, adding a total of 18 teams, to a planned level of 70 teams nationwide. In addition to shoring up our borders and improving workplace oversight, the Department will continue to increase efforts to catch the estimated 450,000 absconders around the country – a level that is growing every year.

Outside of core SBI programs, the request level includes funding for other vital border security programs to include:

- An increase of \$62.9 million over FY 2006 for total funding of \$399.5 million is requested for US-VISIT, a critical element in the screening and border security system towards ensuring better border security in a post-September 11<sup>th</sup> environment. Included in the US-VISIT initiative is \$60 million in new resources to improve connection of information between DHS IDENT system and DOJ IAFIS fingerprint system.
- CSI & C-TPAT. The request continues to support the Container Security Initiative (CSI) and the Customs Trade Partnership Against Terrorism (C-TPAT), which are critical in the prevention and deterrence of Weapons of Mass Destruction (WMD) and other dangerous or illegal material importation. The Budget requests \$139 million for CSI to pre-screen inbound cargo at over forty foreign ports and \$55 million for C-TPAT to review and improve the security of partner organizations throughout the cargo supply-chain.

#### **Reform and Modernization of Immigration Management**

As Congress and the Administration collaborate to reform the immigration system in addition to improving border security, it is critical that the Department is ready to effectively manage any reform and implement a sustainable immigration management system.

Among other things, the Budget includes resource initiatives for worksite enforcement, fugitive operations, employment verification, and U.S. Citizenship and Immigration Services (USCIS) business transformation efforts.

The request includes \$135 million for the operation and expansion of the USCIS Systematic Verification for Entitlements (SAVE) program which provides immigration verification services to State Departments of Motor Vehicles and other Federal and State agencies, and to expand and enhance the current Basic Pilot program to be ready to support a mandatory national electronic employment authorization verification system. The current Basic Pilot program is a voluntary electronic verification program enabling an employer to confirm the employment eligibility of newly hired employees.

The President's Budget seeks a total of \$112 million in fee and discretionary resources within USCIS to accelerate comprehensive reform and automation of existing business processes, including the modernization of critically needed information technology and actions to sustain improvements achieved in reducing the immigration processing backlog.

Finally, as USCIS transforms its business processes, redesigns its forms, and improves service delivery and value to its customers, the agency will reform its fee structure to ensure the recovery of operational costs in line with Federal fee guidelines. Currently, application fees are not optimally aligned with the cost of each application, and improvements must be made for the long term to more effectively link regular and premium fees to specific service levels. This effort becomes even more important as USCIS operations are automated, forms are reduced and simplified, and USCIS prepares to take on substantial new activities including a Temporary Worker Program. The Department will continue to assess business model options for implementation of the TWP as consideration of the proposal moves forward in the Congress.

**IMPROVE MARITIME SECURITY AND CREATE BETTER TRANSPORTATION SECURITY SYSTEMS TO MOVE PEOPLE AND CARGO MORE SECURELY AND EFFICIENTLY.**

A core objective in establishing the Department was to strengthen the overall security capability of the nation's transit systems and maritime security. Terrorist attacks on international transit and national maritime systems have driven the Department to implement rigorous security measures for the nation's systems. The 2007 President's Budget request includes initiatives that continue to support the objectives of the Aviation and Transportation Security Act, which was enacted to strengthen the transportation system and ensure the freedom of movement for people and commerce, by securing America's transit system from terrorists, criminal threats and attack; and the Maritime Transportation Security Act (MTSA) of 2002, which was enacted to secure U.S. ports and waterways from a terrorist attack.

A total of \$4.7 billion is requested to support TSA's Aviation Security efforts. Of this amount, \$692 million will continue support the deployment and maintenance of Explosive Detection and Electronic Trace Detection Systems which provide a higher probability to detect a wider range of explosives, and are critical to finding threats in transportation venues and eliminating their destructiveness.

The President's 2007 Budget also proposes to replace the two-tiered aviation passenger fee with a single, flat security fee of \$5.00 for a one-way trip with no change in the overall fee that may be charged on a one-way ticket. This is consistent with the screening process whereby you only pass through security once. The Budget also proposes to collect \$644 million in air carrier fees (\$448 million for FY 2007 plus \$196 million owed from FYs 2005 and 2006). This is based on a General Accountability Office (GAO) estimate of what is reasonable.

The Budget also seeks resources for the Domestic Nuclear Detection Office (DNDO) to support next generation technology to secure our transportation system. For example, a total of \$30.3 million is requested to fund the Cargo Advanced Automated Radiography Systems (CAARS) Development initiative. The DNDO will execute the program developing advanced active-imaging radiography systems for cargo inspection at the Nation's ports of entry. The CAARS program will significantly improve throughput rates of imaging systems specifically designed to identify concealed nuclear materials threats.



Funding of \$157 million for the Radiation Portal Monitor Acquisition initiative will secure next-generation passive detection portals for deployment at official ports-of-entry to expose attempts to import, assemble, or transport a nuclear explosive device, fissile material, or radiological material concealed within cargo or conveyances and intended for illicit use. Consistent with the global nuclear detection architecture, the deployment strategy will be mutually developed by the DND and CBP.

The Budget also seeks an increase of \$12 million to support staffing needed by CBP to support the deployment of weapons of mass destruction systems deployed through DHS procurement programs. This increase will fund 106 positions and ensure CBP will have dedicated personal to resolve alarms from RPMs to conduct radiological examinations at our Nation's busiest seaports.

For the U.S. Coast Guard, the President's FY 2007 Budget requests a total of \$934.4 million for the Coast Guard's Integrated Deepwater System (IDS), which is \$10.7 million above the FY 2006 funding level. The Deepwater funding will continue the IDS acquisition of: the fourth national security Cutter (High Endurance Cutter replacement); the first Fast Response Cutter (Patrol Boat replacement); and additional Maritime Patrol Aircraft (MPA). In addition, it will establish a second MPA-equipped air station; complete the re-engineering of the HH-65 helicopter, and significantly enhance legacy fixed and rotary wing aircraft capabilities. IDS Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) upgrades to the USCG cutters, boats and aircraft will enhance maritime domain awareness and are critical to the achievement of an integrated, interoperable border and port security system.

In addition to the C4ISR upgrades as part of IDS, \$6.4 million is requested to support a number of initiatives to enhance Maritime Domain Awareness, including the necessary field infrastructure to expand SIPRNET capability support, which will protect Coast Guard systems from exploitation, and also provide prototype Sector Command Centers (SCC) and Joint Harbor Operation Center (JHOC) operations support. \$11.2 million is requested to continue implementation of Nationwide AIS to significantly enhance the ability to identify, track and exchange information with vessels. The FY 2007 budget requests \$10.6 million to build off prior years' efforts to improve MDA, including operation and maintenance of the Maritime Awareness Global Network, as well as the deployment of 80 Nationwide AIS receivers and transmitters. Additionally, the \$39.6 million requested for Rescue 21 will continue deployment throughout the country, providing a state of the art distress and response communications system.

Finally, the Department seeks a total of \$4.8 million for the Coast Guard's Maritime Security Response Teams (MSRT). Established to deter, protect against and rapidly respond to threats of maritime terrorism, the MSRT initiative expands upon the prototype Enhanced Maritime Safety and Security Team that was established by re-allocating base resources in FY 2006. The unit will be capable of maintaining response readiness in the event of domestic maritime terrorism incidents.

#### **ENHANCE INFORMATION SHARING WITH OUR PARTNERS**

The ability to share information with state and local partners, the private sector, law enforcement, and first responders is critical to the Department's success, and promotes greater situational awareness. DHS is prepared to enhance and maintain interoperability for information sharing purposes to ensure a seamless capacity to share information during national emergencies and to execute its daily mission of detecting and preventing potential terrorist activity.

In support of this effort the Budget includes an increase of \$45.7 million, 18.1% over FY 2006 funding, for activities of the Analysis and Operations Account to fund the Office of Intelligence and Analysis (I&A) and the Directorate of Operations. I&A leads the Department's intelligence and information gathering and sharing capabilities by ensuring that information is collected from relevant field operations and critical participants in the intelligence community; analyzed with a mission-oriented focus; and disseminated to the appropriate federal, state, local, and private sector partners.

The Directorate of Operations distributes threat information ensuring operational coordination Department wide; coordinates incident management activities; uses all resources within the Department to translate intelligence and policy into immediate action; and provides oversight of the Homeland Security Operations Center, the Nation's nerve center for information sharing and domestic incident management on a 24/7/365 basis.

To support the Infrastructure Transformation Program (ITP), the Budget proposes an increase of \$36.3 million. This increase will provide a highly reliable, secure, and survivable network infrastructure and data center environment to improve information sharing, more effectively securing the homeland while reducing redundant investments. ITP will integrate the IT infrastructures of the 22 legacy components of the Department into "One Infrastructure" which includes the creation of one secure network; the establishment of common and reliable email communication; the restructuring of helpdesks and related services; the reduction in number and transformation of the data centers; the standardization and modernization of the desktop workstation and site services environment; and voice, video and wireless infrastructure modernization.

The Budget also includes an increase of \$9 million for Data Center Development. The Department will continue the integration of its IT infrastructure "Dual Active/Active Data Centers" that provide a foundation for information sharing and agile responses to threats against the homeland. The Data Center Development activity plays a central role within the ITP, supporting the Department's strategic planning priority of "Stronger Information Sharing and Infrastructure Protection."

#### **STRENGTHEN THE DHS ORGANIZATION TO MAXIMIZE MISSION PERFORMANCE**

Sound financial management of the nation's resources is critical to maximizing mission performance for the Department. The President's Budget aligns the Department's request according to a risk-based allocation method, channeling the nation's resources into the areas that will most effectively accomplish the mission of the Department. Successful mission performance is driven by developing human capital, executing efficient procurement operations, and possessing state-of-the-art information technology resources.

A key enhancement to the Budget includes an increase of \$12.6 million to improve financial management department-wide. This includes funding to improve DHS' internal controls over financial reporting, as required by Public Law 108-330, the *Department of Homeland Security Financial Accountability Act*; analyze opportunities for further functional consolidation of segments of Departmental financial management; support the Department's plan to achieve an unqualified audit opinion with no material weaknesses; produce financial data that is timely, reliable, and useful for decision-makers in their mission to properly allocate resources to protect the nation; and help protect against waste, fraud, and abuse.

A total of \$18 Million is requested for the eMerge2 (electronically Managing enterprise resources for government efficiency and effectiveness) program. eMerge2 will continue to consolidate accounting providers and systems in the Department by matching components positioned to become service providers with those in need of new systems. eMerge2 will invest in system enhancements, integrate systems, and build tools to consolidate financial data, ensure accountability, and provide timely, reliable information for decision making.

In addition, we propose an increase of \$41.8 million for the Office of the Chief Human Capital Officer to continue implementation of the Human Resources System Initiative - MAX<sup>HR</sup>, a market and performance-based compensation system that rewards employees for their contributions to the mission of the Department, not longevity.

The Department has identified organizational performance deficiencies in the current procurement process and will implement comprehensive modifications to prevent fraud and misuse; and ensure effective delivery of services and proper procurement and contracting procedures. For this effort, we propose an increase of \$27 million throughout the Department to improve acquisition operations.

Finally, the Office of Policy requests an increase of \$8.1 million to provide funding to support DHS participation on the Committee on Foreign Owned Investments in the U.S. under the Policy office; expand duties of the International Affairs office; enhance capabilities of the Homeland Security Advisory Committee (HSAC) to work with private sector stakeholders; and increase efforts to oversee immigration and border security related initiatives.

### Conclusion

The FY 2007 budget proposal reflects this Administration's ongoing commitment to protecting the homeland and the American people while ensuring the Department has the resources we need to achieve our critical mission. The budget builds upon past success and accomplishments, reflects risk-based, outcome-driven priorities, and supports the key imperatives under our Second Stage Review.

We will continue to work with Congress to ensure that our short and long term priorities are adequately funded – including border security, preparedness, strengthening FEMA, and enhancing chemical security. I look forward to continuing our partnership with you to ensure funding priorities are met so that we can continue to protect the homeland and the American people.

Thank you for inviting me to appear before you today. I look forward to answering your questions and to working with you on the FY 2007 budget and other issues.

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### Questions from Senator Susan Collins

#### TWIC and Screening Programs

1. Despite four years of effort, the Transportation Worker Identification Credential (TWIC) program has not been implemented. I personally cannot understand why this has been such a long road, given that it is not a technology problem. GAO is prepared to characterize this program as at risk of failure. In the meantime, approximately 3,100 maritime-related facilities are operating under incomplete security plans, pursuant to the Maritime Transportation Security Act. Incomplete because they have a major gap under their access control systems that basically says "waiting for the TWIC." Mr. Secretary, when will the TWIC be implemented?

**Response:** The Transportation Worker Identification Credential (TWIC) is a top Departmental priority, and I have directed my team to move forward with the program as quickly as possible. The Transportation Security Administration (TSA) recently published a "request for qualifications" seeking firms that are appropriately experienced and interested to help deploy certain components of the TWIC program. Eight companies were selected as qualified vendors for TWIC enrollment and system operations and maintenance. The TWIC RFP was released to these qualified vendors on September 1, 2006.

In addition, TSA and Coast Guard published a Notice of Proposed Rulemaking on May 22, 2006, and held a series of public meetings in Newark, NJ; Tampa, FL; St. Louis, MO; and Long Beach, CA to gather comments on the proposed rules. TSA and Coast Guard received over 1,900 comments to the NPRM. Many of these comments voiced concern regarding card and reader technology, analysis of economic impact, potential negative impacts to commerce, and uncertainty as to how TWIC requirements for facilities and vessels could be met.

After a review of the comments received during the comment period and the requests for extension, TSA and the Coast Guard decided not to extend the comment period for the NPRM. However, TSA and Coast Guard have concluded that facility and vessel owners and operators will not be required to purchase or install card readers during the first phase of the TWIC implementation. Additionally, a requirement to purchase and install card readers will not be implemented until the public is afforded further opportunity to comment on that aspect of the TWIC program. The details of this approach will be explained in the next rulemaking.

TSA and Coast Guard are on track to begin enrollment by the end of the calendar year.

#### Border Security

2. I have been very interested in the Department's implementation of the new travel documentary requirements known as the "Western Hemisphere Travel Initiative." In implementing these new rules, it is important that we strike the right balance between border security and the free flow of legitimate tourism, trade, and other services that are so vital to our border

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communities. In my home state of Maine, many rely on their ability to quickly and easily cross the border to access essential services, attend church, and visit family and friends. That is why I was so pleased to learn of your decision to develop, with the State Department, the People Access Security Service, or PASS, system card. At this point, however, there seem to be few details available about the PASS Card. It does not appear to be mentioned in the President's Fiscal Year 2007 Budget, and we are awaiting details about costs, technology, procurement and production timelines, and implementation. Where will the funding come from to cover the costs of developing, implementing, and administering the PASS system, including the deployment of appropriate reader technology to all Ports of Entry in advance of the legislative deadline?

**Response:** At present, there is no budget line item for WHTI in the President's Fiscal Year 2007 Budget. However, Congress has provided DoS fee retention authority for the issuance of the PASS cards, and DoS is in the process of crafting the rulemaking related to this fee retention. At the same time, DHS is working with the Department of State to publish two Notices of Proposed Rule Making which will outline how we will accomplish this Initiative. Through the rulemaking process we are working to develop the best strategies to implement the Initiative, which includes the technology needed to support WHTI. In relation, acquisition requirements for WHTI, including software, hardware, specialized equipment, and contract service required to fully deploy and implement the program, are also being developed. However, as we are in the midst of a Rulemaking process, at this time we cannot discuss the specifics of the plan prior to publication of the NPRM.

Although we respectfully refer to the Department of State questions regarding the cost of the PASSport card, we do note that State has estimated that the PASSport card will be approximately half the cost of the traditional passport.

Both agencies believe that the Initiative will provide significant security benefits, yet can also facilitate the flow of legitimate tourism and trade. The benefit of issuing U.S. passport cards as an alternative to the passport booklet is the cost savings of a less expensive document for the traveling public. Additionally, once the infrastructure is fully deployed, the U.S. passport card at the land borders will allow CBP to perform name queries on travelers in an automated, expedited fashion that will ensure the unencumbered flow of legitimate trade and travel across our borders.

### Fire Act Grants

3. Recognizing the critical role America's fire service plays in protecting our communities, and that basic training and equipment form the foundation of a robust homeland security strategy, Congress created the Assistance to Firefighters Grant Program to address deficiencies in training, equipment, and staffing throughout the fire service. Since the creation of the program, thousands of fire departments all over the nation have benefited, increasing their level of readiness. Last year, the Department of Homeland Security received over \$3 billion in applications for the Assistance to Firefighters Grant, yet the Administration's Fiscal Year

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2007 budget proposal only funds the program at \$293 million (\$293,450,000) and eliminates the SAFER hiring program.

In light of these drastic cuts, please explain how the Administration plans to sufficiently meet the basic needs of our nation's fire service.

**Response:** Since the programs beginning in Fiscal Year (FY) 2001, the Assistance for Firefighters Grant Program (AFG) has provided nearly \$2.5 billion to local fire departments. The Department of Homeland Security (DHS) believes that these funds have made a significant contribution to the capacity of America's fire departments and that these improvements will continue given the current funding request.

In addition, AFG is one of a number of DHS grant programs that benefit the fire service, and fire departments across the country have benefited from other DHS grant programs besides AFG. The Fiscal Year 2007 funding level allows DHS to make thousands of awards to the most competitive applicants to enhance critical fire service capabilities in responding to all types of local events, as well as to acts of terrorism, and major disasters. In fact, the fire service has received as much as 30 percent of all homeland security grant funding since the Department's inception, and fire departments will continue to remain eligible for funds requested in FY 2007 over a variety of grant programs.

### Chemical Security

4. I am pleased to see that the Department's budget request included a specific line item for chemical security to set up a chemical security office. It is my understanding that you have already set up such an office - the Chemical and Nuclear Preparedness and Protection Division within the Office of Infrastructure Protection.  
 Given that you have already created a chemical security office, does your request for \$10 million anticipate the need for and passage of legislation?

**Response:** The Department's request for funding to support this new office is important under both regulatory and voluntary security environments. With this funding, the Department stands ready to build upon the voluntary chemical security work that has already been done, and will be ready to respond should Congress decide to pass comprehensive chemical security legislation. The Department hopes Congress will act this year to pass legislation to protect this critical infrastructure sector.

The Department has been working with Congress and the Administration to develop the framework for reasonable legislation, and we will continue to participate in this discussion and provide our best advice. To further that goal, we've developed a set of principles which outline the authorities we believe the Department should have and the type of regulatory approach we would take if given that authority. These principles are built upon three simple concepts: focusing on the highest risks; implementing a set of performance standards, and rewarding those that meet those standards. The requested funding is essential to respond to congressional direction concerning these concepts and principles.

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### Questions from Senator Pete V. Domenici

1. America has almost 200 land ports of entry, and it has been 20 years since we launched a major effort to upgrade infrastructure at those ports. That last effort occurred in 1986, when former Senator DeConcini and I developed the Southwest Border Improvement Program to improve border infrastructure so that states could better take advantage of commerce and trade opportunities with Mexico. That was almost 15 years before September 11, 2001. Since September 11, we have placed increasing emphasis on upgrading security for our airports, seaports, and critical infrastructure. It is imperative that we also improve land port security. To that end, I have introduced a border security bill that authorizes additional funds for investment in our nation's border crossings.

- Have you considered what kinds of improvements are necessary at our land ports of entry and how much these upgrades might cost?

**Response:** DHS recognizes that many land ports are in need of replacement or renovation to meet the modern DHS/CBP mission, as they were designed and constructed several decades before the 9/11 attacks and the creation of DHS. First, many ports need to increase site size, change exterior layouts, and add additional traffic lanes. This is necessary to provide for site security, to ease congested traffic flows, and to allow for productive use of electronic screening and trusted traveler technologies, as well as modern operational concepts. Second, many port buildings need more space, improved layout, and better infrastructure to handle modern work processes and high public volume, and to provide better security. Most current port spaces were segmented for functions of the past and many are grossly undersized; furthermore, most security aspects of land ports are retrofits rather than designed "from the ground up." Third, the physical conditions in many of our facilities are poor. Many were built before or during the Great Depression, and few of these have had significant renovations other than some rudimentary maintenance.

The total cost for needed improvements is estimated to be \$3.1 billion. The basis for this overall assessment is the Land Ports of Entry (LPOE) Capital Investment Plan (CIP) that CBP began in 2003. The CIP includes Strategic Resource Assessments (SRAs), a project prioritization method, portfolio planning tools, and a five-year investment strategy. The SRAs are (1) a physical assessment of all exterior spaces and buildings by trained architects and (2) a current and forecasted needs assessment of space and facilities. Facilities are assessed and ranked into a prioritization, based on their ability to support the overall CBP mission. This prioritization drives our requests to the GSA Federal Buildings Fund (FBF). The LPOE Modernization Program received \$211 million in fiscal year 2006 from the GSA FBF. In the President's fiscal year 2007 budget \$96.5 M has been requested for LPOE Modernization.

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- Specific improvements are needed at the Columbus port of entry in New Mexico. Does your Department's FY2007 budget request funds for improvements at Columbus and will you make every effort to keep the project on track for construction?

**Response:** The President's Fiscal Year 2007 Budget requests \$2.6 million for the GSA Federal Building Fund (FBF) for the redesign of an expansion of the Columbus NM LPOE.

2. We provided some funds for the purchase of new Unmanned Aerial Vehicles (UAVs) in last year's homeland security bill, and I understand you have requested more funding for UAVs this year. Where do you intend to station the UAVs purchased with FY2006 and FY2007 funds?

**Response:** The current CBP Unmanned Aerial System (UAS) currently in process consists of two aircraft and a Ground Control Station (GCS). CBP has deployed UAV assets in Arizona where they are most needed for present operations based on current threat levels. CBP tested and operated the Hermes UAV from June 2004 through September 2004 and flew 590 mission hours, which resulted in 1,678 detections, 965 apprehensions, and the seizure of 843 pounds of marijuana. The agency tested and operated the Hunter UAV from November 2004 through January 2005 and flew 329 mission hours, which resulted in 556 detections, 329 apprehensions, and the seizure of 1,889 pounds of marijuana. In September 2005, CBP Air and Marine procured and operated the Predator B Unmanned Aircraft System (UAS) for seven months and flew 886 law enforcement mission hours in support of the CBP Border Patrol, which resulted in the arrest of 2,309 undocumented aliens and the seizure of 8,267 pounds of marijuana.

The first CBP UAS aircraft was lost in a crash during patrol in April 2006. The National Transportation Safety Board is investigating that crash and we are awaiting the final report on that investigation. A replacement aircraft (funded with FY 2006 Supplemental Funds) is scheduled for delivery in May 2007. A second aircraft was ordered and is scheduled for delivery in late September 2006 and is currently completing test and evaluation before being employed operationally.

Funding for a third UAS is included in the President's FY 2007 request. In addition, the FY 2006 Supplemental funds will be used to procure additional UAS assets that include additional aircraft and Ku-Band SATCOM command/control capability. The funds provided to date allow a total of 4 aircraft to be purchased and deployed as part of the UAS. The initial systems will be deployed along the Southwest Border. CBP projects an end state UAS deployment along the Southwest Border, Southeast Maritime operational area (for joint operations with the USCG), and the Northern Border.

3. I am an advocate for the use of technologies such as UAVs to secure our borders but am concerned that it has taken more than two years for the Federal Aviation Administration to finalize an agreement with your Department regarding the flight of UAVs along our southern international border. In New Mexico, we have some experience with UAVs and the FAA because our university near the southwestern US border operates a UAV validation and test facility sponsored by the Department of Defense. Because of the established presence of UAVs



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at New Mexico State University, and because of our location as a border state, I believe New Mexico would be an asset in the use of UAVs for surveillance, and working with NMSU may allow you to more quickly come to an agreement with the FAA regarding UAV flights.

- Will your staff evaluate the existing UAV facility at New Mexico State University and the Las Cruces International Airport as a potential site for some of the Department's UAVs?

**Response:** CBP is evaluating the tactical and operational needs of the agency and the Department to determine how best to leverage this technology to secure U.S. borders. This information, together with the policies and procedures on flight issues that was developed in concert with the FAA, will further define the requirements in choosing a base of operations. All possible options will be fully explored and vetted as the program grows and matures.

- What do you need from Congress in order to move forward with a plan to fly UAVs along the entire southwestern border?

**Response:** A critical component of the SBI strategy to control the border is the Department's plan to launch a comprehensive program to transform its border control technology and infrastructure. This program, named *SBI<sub>net</sub>*, will integrate multiple state-of-the-art systems and traditional security infrastructure into a single comprehensive border security suite for the Department. CBP will serve as the executive agent for the *SBI<sub>net</sub>* program -- leading, managing, and working with an industry integrator to implement this aggressive new DHS program.

The UAV is a force multiplier that can assist in maximizing border security when deployed with the appropriate balance of personnel, other technologies and tactical infrastructure. UAVs have proven effective, and could potentially be one of the solutions proposed by the industry integrator.

The integration of unmanned aircraft into the National Airspace System requires a thorough evaluation of the air traffic system. That evaluation should ensure the appropriate authorizations, agreements, and minimum restrictions are in place to ensure the safe and expeditious operation of the aircraft in national airspace system.

4. It has come to my attention that your Department is considering creating a Border Interdiction Support Center in the southwestern United States to compile tactical intelligence on the Southwest Border, analyze it, and distribute leads and reports to all federal, state and local law enforcement organizations having a need for such information.

- Does your FY 2007 budget request include any funds for such a center?

**Response:** The Department of Homeland Security has not requested funds for integrated intelligence support centers. Planning for intelligence support to the Southwest Border is led by

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the DHS Office of Intelligence & Analysis (I&A), with input and collaboration from the components.

- Where are you in the planning process for creating such a center?

**Response:** There is no proposal for a Border Interdiction Support Center. The Intelligence Campaign Plan (ICP) is a DHS-wide intelligence effort that brings focused, enterprise-wide intelligence support to the core DHS missions. The ICP will ensure a systematic approach to requirements, response and organizational responsibilities. I&A is making substantial progress in developing the ICP for Border Security, focusing initially on the Southwest border. I&A - in partnership with national collection agencies and with the Office of the Director of National Intelligence - is implementing a multi-discipline collection strategy, and is also bolstering the analytic focus on the border.

The ICP initially has focused on developing a collection strategy baseline for the Southwest border and has submitted these requirements to national collection agencies. In addition, I&A wrote threat assessments for Laredo, TX and Tucson, AZ, and is leading a community Southwest Border Transnational Threat Assessment (with the National Intelligence Council).

- What sites are being considered as the home of the proposed Border Interdiction Support Center?

**Response:** There is no definitive proposal for a Border Interdiction Support Center.

5. New Mexico Tech opened the Playas Training Center for first responders over a year ago and I am told they have had much success at the facility. Playas' remote location and open space makes it an ideal place for New Mexico Tech to develop a wide range of research and training activities to support homeland security efforts nationwide.

- What new training activities could DHS use at Playas?

**Response:** The Office of Grants and Training (G&T) supports the development and delivery of training through a variety of delivery systems. These systems include residential training at specific facilities, mobile training at local sites, and web-based training. At this time, G&T does not plan to add any additional training facilities to its roster of sites due to an ongoing examination of the current portfolio of training. The Training Division is engaged in a project to map its existing courses to the Target Capabilities List (TCL) to determine gaps that may exist in training needs to meet the National Preparedness Goal. This is a three phase project--the first phase currently under way is to inventory all courses and align generally to audiences and capabilities. The second phase is to match courses with expected and needed outcomes and revise them if necessary across all providers. The element of being able to perform in exercises is also a part of this phase in the project, with an emphasis on helping states develop multi-year training and exercise plans. The third phase is to develop a recommended list of courses for the various disciplines in order to meet their individual preparedness goals. Part of the alignment

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project will be examining which courses and facilities are most appropriate for the competencies that are needed.

G&T is the primary support for the Center for Domestic Preparedness in Anniston, AL where hazardous materials and chemical agent training are offered. Training is also offered in chemical and biological topics at the Dugway Proving Grounds in partnership with the Army and rad/nuc classes at the Nevada Test Site, in partnership with the Department of Energy. As part of the National Domestic Preparedness Consortium (NDPC), New Mexico Tech offers explosive and performance level training at its Playas Training Facility (PTF). PTF is an appropriate location for all-hazards response training, as well as classified training topics, due to its remote location and the ability to secure the facility from unauthorized access. The other two members of the NDPC, Louisiana State University and Texas A&M University offer some classes at their campuses, but do primarily mobile training hosted by state and local agencies.

As a result of two years of the Competitive Training Grant Program (CTGP), over 30 other training partners offer courses throughout the country, many targeted to unique populations and their need to be engaged in national preparedness. These include Kirkwood Community College in Iowa, with the class on agroterrorism; University of Michigan supporting the development of an intelligence gathering capability for local law enforcement; Telecommunications for the Deaf, hosting a class training first responders to understand the unique needs of the deaf community; and Western Oregon University, offering vigilant community training for tribal communities. All of these classes are done in a community setting and do not require a specialized training facility.

Because performance level training is very labor intensive and expensive, due to the need for the specialized facilities, maintenance of the equipment, and quality control, the TCL Alignment Project will assist the Office of Grants and Training with the appropriate strategic use of it funding to fill the training gaps and make the best use of the facilities it currently supports.

- How much is included in the President's FY 2007 budget for training first responders?

**Response:** The President's budget request includes \$92.3 million to provide training to State and local first responders. The President's budget also requested \$633 million under the State Homeland Security Grant Program, \$838 million under the Urban Area Security Initiative, and \$294 million under the Assistance for Firefighter Grants program. These programs provide support to State and local entities to train first responders. In addition, the President's budget includes \$47 million for the US Fire Administration whose mission is wholly dedicated to the training of State and local first responders.

- What are the Department's plans to make State homeland security directors aware of the Playas Training Facility in an effort to help local first responders receive adequate training?

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**Response:** The Department's Office of Grants and Training (G&T), part of the Directorate for Preparedness, publishes all new training courses and initiatives in the G&T Course Catalog. G&T will also distribute an Information Bulletin to all State Administrative Agencies and Training Points of Contact on all new courses once G&T completes the course review process.

6. New Mexico Tech has also joined with New Mexico State University ("NMSU") to propose an expansion of the anti-terrorism training program for first responders to include a course about radiological dispersal devices (also known as dirty bombs). I believe this proposal has merit because the aftermath of a dirty bomb attack is one of our gravest anticipated terrorist attacks, and our first responders need appropriate training to respond to such a threat. New Mexico Tech and NMSU's Carlsbad Environmental Monitoring and Research Center have the scientific expertise, radiological handling capabilities, radioactive material license, and trained staff to address both the scientific and training aspects of dirty bombs, and collaboration between these universities and New Mexico's national nuclear weapons labs could provide ideal training first responders to counter dirty bomb risks.

- What dirty bomb training do federal first responders currently receive?

**Response:** Currently, there is no course dedicated solely to radiological dispersal devices. However, several courses delivered by members of the National Domestic Preparedness Consortium (NDPC) cover radiological dispersal devices in their course curriculum. The extent to which radiological dispersal devices is covered in the various courses ranges from a five minute overview to a detailed 2.5 hour block of instruction.

- Two of the members of the National Domestic Preparedness Consortium deliver training courses that, in part, address radiological dispersal devices. These include the New Mexico Institute of Mining and Technology (NMT) and the Nevada Test Site (NTS).
- NMT incorporates modules on explosives, characteristics of explosives, and incident scene operations and addresses the issue of radiological dispersal devices throughout each course.
- Current NTS courses include awareness, operations-level, and technician-level courses that provide attendees with a basic knowledge of radiation and its health effects, hazard identification and proper notification procedures for Radiological Dispersal Devices (RDDs) and Improvised Nuclear Devices, include exercise scenarios reflecting the use of RDDs and their effects; include instruction of basic personnel survey procedures; and provide attendees with an expanded knowledge of how to respond to a radiological Weapon of Mass Destruction incident, including decontamination. Exercise scenarios include decontamination procedures and entry into facilities where simulated RDDs have been detonated.
- Beginning in 2006, NTS started developing two courses that will train local law enforcement how to detect and interdict radiological and nuclear materials before they detonate. These two courses are being developed and delivered in conjunction with DHS' Domestic Nuclear Detection Office (DNDO).
- Further, another partner of the Department's Office of Grants and Training (G&T), Dartmouth College, has developed a simulation for responders called the "Virtual

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Terrorism Response Academy" through its Institute for Security Technology Studies Interactive Media Lab, which is a reusable advanced distance learning environment that supports the development and dissemination of terrorism response courseware. The simulation is currently under review through G&T's firstresponder.gov training portal and will be available for distribution and use in summer 2006. The simulation includes three radiological scenarios with tutorials on use of radiological detection equipment as well as the principles of response and radiation, including time, distance, and shielding. Two scenarios are possible radiological dispersal devices.

- Could New Mexico Tech's training facility in Playas, New Mexico be the ideal place to base such training?

**Response:** It is a possibility that the Playas location could be used, but the Department will need to conduct a thorough analysis and determine whether or not the location is the most appropriate venue for dirty bomb training. Representatives of the Department's Office of Grants and Training (G&T), part of the Directorate for Preparedness, have been briefed on the proposal by New Mexico Tech and New Mexico State to collaborate on the development and delivery of Special Weapons and Tactics (SWAT) training. New Mexico Tech and New Mexico State were informed that they should submit their proposal under the FY 2006 Competitive Training Grant Program solicitation once it is announced. Their proposal will be evaluated using the criteria established.

- What information does your Department need from New Mexico Tech and New Mexico State University to fully evaluate this proposal?

**Response:** Please see the previous response above.

7. The National Infrastructure Simulation and Analysis Center, or NISAC, is funded by DHS to evaluate the effects of disruptions to America's infrastructure, and much of NISAC's work is done by New Mexico's two National Laboratories: Sandia and Los Alamos. I understand that NISAC has been very useful this year, providing a report to the White House that predicted that Hurricane Katrina would cause severe flooding and possible levee breaches. Additionally, I am told that NISAC has been helpful as the Administration has prepared its plan to combat the avian flu. I strongly believe in NISAC's efforts and capabilities, but I do not believe the program is being used by the entire Department of Homeland Security to its full extent.

- Given NISAC's success stories, why has the Administration proposed cutting NISAC's budget?

**Response:** The Department of Homeland Security has been pleased with the progress made by the National Infrastructure Simulation and Analysis Center (NISAC) in modeling the infrastructure of the United States and its interdependencies. The Department has applied a portion of its supplemental for Avian Influenza/Pandemic to increase the NISAC funding and

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request that it model the possible impact of an Avian Pandemic on the national workforce, as well as possible impacts to the Nation's infrastructure and resultant economic consequences. The value of this work would be an enhanced ability to advise local government officials on mitigation strategies.

- What are your plans to coordinate the Department's Directorates so NISAC is utilized by the entire Department?

**Response:** The Department of Homeland Security is actively seeking additional partners and customers for the advancing modeling, simulation and analysis capabilities of the National Infrastructure Simulation and Analysis Center. Efforts are ongoing or being planned with the United States Coast Guard, Federal Emergency Management Agency, Transportation Security Agency, the National Operations Center (formerly the Homeland Security Operations Center), the Directorate of Science and Technology and the other offices within the Directorate for Preparedness, including the Office of the Chief Medical Officer.

- How will you work with other Departments to make sure NISAC's capabilities are available throughout the Federal government?

**Response:** The National Infrastructure Simulation and Analysis Center (NISAC) is specifically identified as the Department's recommended resource for the identification of infrastructure dependencies and interdependencies to our federal partners and Sector Specific Agencies in the National Infrastructure Protection Plan (NIPP). The Department will continue to recommend the use of NISAC to our Federal partners to ensure they properly carry out their roles under the NIPP in the development and implementation of their respective Sector Specific Plans. NISAC can assist with the risk analysis and protection of their assigned sectors and initiating partnerships to understand and prevent the possibility of cascade failures through or across sectors. Beginning efforts exist with the U.S. Army Corps of Engineers, Homeland Security Council, Department of Transportation, Department of Energy, Department of Treasury, Department of Commerce, Department of Health and Human Services and the National Institutes of Health.

- What do you need from Congress to fully implement NISAC's capabilities?

**Response:** The continued support of the Congress for the NISAC's mission, which is to protect the Nation from possible acts of terrorism and natural hazards and prepare it for such threats, is greatly appreciated.

8. Your Domestic Nuclear Detection Office is tasked with deploying radiation detection technologies and systems designed to detect attempts to smuggle nuclear materials or weapons into the U.S. As such, the DNDO is likely to play a critical role in testing and evaluating current and next generation technologies to assure that DHS agencies have the most effective and accurate tools.

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- How will DNDO balance the needs between rapidly deploying detection systems and developing technologies that can best fulfill its mission?

**Response:** The DNDO has, from its beginning, adopted the risk-based methodology espoused by the Secretary to support both short-term and long-term planning. In a highly simplified form, the DNDO measures overall risk-mitigation, and, hence, success, as a combination of several factors. Ultimately, to successfully prevent nuclear and radiological terrorism, authorities must be able to (1) encounter the adversary; (2) detect and identify successfully encountered threats; and (3) interdict successfully detected and identified threats. Resources must be balanced to improve each of these success factors. Deployment and operational strategies must be employed with the realization that 100% success against all threats may never be achievable.

As part of this resource allocation process, the DNDO has stated that all acquisition decisions will be informed by robust test and evaluation programs. The DNDO has made a commitment to fully characterize all technologies prior to large-scale acquisition decisions, to ensure that DNDO understands all potential performance improvements and liabilities.

Take as an example DHS efforts to deploy radiation portal monitors (RPMs) to the Nation's ports of entry (POEs). By late CY 2004, there was a general realization that operational challenges (throughput and nuisance alarm rates) at high volume POEs meant that deployed RPMs, while providing improved coverage ("encounter"), still had limited capabilities ("detect and identify") as operated, and thus continued to limit overall probability of success. In response, the Department launched the Advanced Spectroscopic Portal (ASP) program to develop next-generation RPMs (to improve the probability of "detect and identify"), while at the same time continuing to allocate resources to acquiring additional current-generation RPMs to continue to improve overall detection capacity.

As the ASP engineering development phase concluded in summer 2005, prototype systems were subjected to a full testing program at the DNDO Interim Test Facility at the Nevada Test Site, including testing against highly enriched uranium and plutonium. The tests validated the systems' spectroscopic capabilities when compared with plastic-based systems. The ASP systems demonstrated, in some cases, a four-fold improvement in performance against threat like objects and a 60% reduction in nuisance alarms generated by naturally occurring radioactive materials.

As the ASP program now begins to transition from technology development to initial deployments in FY 2006, the DNDO and CBP are now conducting a joint analysis to determine the most cost-effective means of deploying ASP systems to the Nation's POEs, while building on past efforts to deploy current-generation systems to POEs. This analysis will take into account performance information gathered through DNDO testing and current cost estimates, as well as operational metrics such as throughput rates, natural occurring radioactive material (NORM) rates, and personally-owned vehicle (POV) rates at individual ports. The analysis will lead to a strategy that deploys ASP systems in secondary screening with current generation systems in primary screening at low volume POEs and with ASP in primary and secondary

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screening at high volume locations. This results in the most effective means to manage both cost and risk at U.S. POEs without impeding the flow of people and goods.

Overall, the ASP and RPM programs, as described, represent a balanced approach to the need for better capability and coverage. As next-generation technologies were identified, DHS made the deliberate decision to continue procuring current-generation systems, realizing that the coverage of the current-generation systems continued to increase overall probability of success. At the same time, DHS began to invest in the increased capabilities offered by next-generation technologies, realizing the potential improvements that would be realized in successive years. Finally, by developing plans to transition from current-generation to next-generation technologies, including a continued use for current-generation capabilities, the Department has sought to ensure that prior investments in systems acquisition continue to contribute to improving the overall security of the Nation.

- How do you plan to develop and support the nuclear facilities and infrastructure needed to test and evaluate evolving technologies, missions, and operational concepts?

**Response:** The DNDO relies heavily on the ability to obtain high fidelity, defensible test data in support of development, acquisition, and deployment decisions. The DNDO has made a commitment to fully characterize all technologies prior to large-scale acquisition decisions, to ensure that DNDO understands all potential performance improvements and liabilities.

The construction of the DNDO Radiological and Nuclear Countermeasures Test and Evaluation Complex (Rad/NucCTEC), scheduled for completion in FY 2007, will offer the opportunity for high-fidelity test and evaluation. The Rad/NucCTEC will be authorized to handle Special Nuclear Material for the purpose of testing developed technologies against actual samples of these materials which provide the greatest threat to the Nation for use in a nuclear attack. Prior to the construction of this facility, no location existed that allowed access to these quantities of materials while maintaining the flexibility to place these materials into relevant threat scenarios and cargo configurations.

- What role will national weapons labs play in DNDO?

**Response:** The DNDO recognizes that the national weapons laboratories have long been one of the Nation's preeminent sources of critical nuclear expertise. That expertise, along with the expertise found in other National and Federal Labs, academia, and industry, is vital in developing technologies to mitigate the threat of radiological and nuclear terrorism.

The largest role that the National Labs will have within the DNDO is within the transformational research and development program that seeks advanced, novel solutions to develop significantly more effective, capable, and operable nuclear and radiological countermeasures. In December 2005, the DNDO released a call for proposals (CFP), soliciting nuclear detection exploratory research proposals from the National Labs. The DNDO received over 150 proposals (of which



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nearly 50 were selected) and anticipates awarding over \$35 million for these research efforts in FY 2006.

Additionally, the DNDO relies on the nuclear expertise within the National Labs to support efforts across the office. For instance, National Labs provide analysis towards the development of the global nuclear detection architecture, deployment support to the Radiation Portal Monitor (RPM) program, testing support at the Nevada Test Site, and operational support through the Nuclear Assessment Program (NAP) and the Technical Reachback (TRB) program. In support of the new forensics mission that DNDO will undertake in FY 2007, the National Labs will play an integral role in the development of forensics signatures, databases, and analysis techniques to discriminate nuclear material supply origins. The forensics program and its associated data base will be coordinated and support the Nuclear Materials Information Program that is managed by DOE. The DNDO intends to continue to rely heavily on this expertise as the global architecture continues to evolve and mature.

- How will DNDO interact with the Department of Energy's efforts in the same areas?

**Response:** The DNDO interacts with the Department of Energy (DOE) in relation to research and development as well as deployment planning. The DOE, as the agency with the most historical experience in nuclear countermeasures, provides detailees into every DNDO office.

The DNDO (particularly the transformational research and development program) works closely with the NNSA Office of Nonproliferation Research and Engineering (NA-22). Staff from both NA-22 and DNDO served on each others' proposal review panels, in part to ensure that duplication of funding is avoided. In addition, this interaction helped ensure that DNDO transformational R&D programs are well coordinated with those of NA-22 (which focused on foundational science for advanced detectors and materials), enabling the U.S. Government to best utilize the expertise of the National Labs. DNDO and DHS are not formal members of the CPRC and representation is not required by the Defense Authorization act that governs the CPRC reports.

Additionally, in FY 2005, as part of the overall R&D coordination process, the DNDO supported the Domestic Nuclear Defense (DND) R&D Working Group (chartered by the Homeland Security Council and the National Security Council) to develop a coordinated, interagency R&D roadmap that would enhance the breadth of domestic nuclear defense efforts to ensure a secure nation. The scope of the DND R&D Working Group covered the interagency coordination of R&D strategies for domestic nuclear defense, the identification and filling of critical technology gaps, efforts to develop and sustain critical capabilities through appropriate investments in foundational sciences and research, interagency funding for necessary science and technology, and collaboration and exchange of vital R&D information. The DNDO co-chaired the working group on interdiction research and development.

DOE employees have been assigned to provide support to overseas deployment planning and logistics—implementation missions that remain with DOE and NNSA. The DNDO, through its

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Joint Analysis Center, is currently working with DOE and other partners to help secure agreements for more timely and uniform information sharing from overseas screening operations. The DNDO is also in discussions with NA-25 to investigate the pilot deployments of ASP systems at foreign ports through the DOE Megaports program. Additionally, detailee staff are developing Federal reachback programs that can draw upon expertise within the National Labs, as needed, to provide technical support to resolve alarms generated in the field.

9. I applaud your efforts to provide more assets for border security. Last year, Congress appropriated \$20 million to replace helicopters used by the Border Patrol, and I understand your budget request for this year includes funds for 1000 new vehicles for border patrol agents.

- Where do you intend to place the new helicopters funded in last year's appropriations bill?

**Response:** CBP has begun taking delivery of the first of 10 EC-120 Light Observation Helicopters this summer and will receive 1 per month thereafter until all 10 have been delivered. The primary considerations for deployment of these new assets were to: (1) place them in a somewhat limited geographical location in order to more efficiently train, equip and maintain them; (2) eliminate all OH-6 aircraft from specific locations; and (3) place these aircraft at locations that would induce minimal impact on ABCI operations. To meet these considerations, El Paso, Texas, is proposed to receive 5, Deming, New Mexico, is proposed for 2, and Marfa, Texas, is proposed for 2 EC-120 aircraft with the tenth aircraft going to the El Paso National Aviation Training Center. The OH-6 aircraft currently deployed to those locations will be redeployed to the Tucson AOR and eventually retired from service.

An additional 5 EC-120 Light Observation Helicopters are being purchased from supplemental funding. The locations for basing these aircraft will follow the same methodology used for the first 10 aircraft to replace the aging OH-6 aircraft.

- Will all 1000 new vehicles requested this year go to new border patrol agents, or will some of the funds be used to replace existing, outdated vehicles?

**Response:** The FY 2007 President's Budget request is for 1,000 new vehicles for use by the 1,500 new Border Patrol Agents requested in the FY 2007 President's Budget. Also, the President's Budget includes base funding to purchase approximately 530 replacement vehicles.

In addition, the recently passed FY 2006 Supplemental provides additional funding for 666 new vehicles for the 1,000 new Border Patrol Agent positions, plus funds to replace 652 non-operational Border Patrol vehicles.

In total, the FY 2006 Supplemental funding and FY 2007 President's Budget provides for 1,666 new vehicles and replacement of 1,182 existing, outdated vehicles.

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- How much money does your budget request include for new Customs and Border Protection helicopters?

**Response:** The budget request includes \$61.4 million for Air and Marine program procurement, from which CBP plans to purchase up to thirty new helicopters.

**Questions from Senator Tom Carper**

1. There have been reports that a significant amount of the money we've distributed in port security grants since 9/11 has either not made it out to its recipients or has not been spent by them. Is this accurate? If so, what is your department doing to remedy this situation.

**Response:** All funding from Rounds 1-5 of the Department of Homeland Security's (DHS) Port Security Grant Program (PSGP) has been awarded to the intended recipients. In addition, the Department is in the process of finalizing the grant allocation process for Round 6 (Fiscal Year 2006 awards), and expects to award this funding soon.

Relative to the expenditure of these funds, DHS has worked aggressively to identify barriers and assist grantees in expending these funds in a timely manner. In addition, the Department's Office of Grants and Training (G&T), part of the Directorate for Preparedness has worked closely with the Transportation Security Administration to streamline the process involved in the draw down of funds for the legacy grants (Rounds 1-4) and eliminate some unnecessary steps that were hindering the prompt processing of reimbursement requests.

The DHS Office of Inspector General (OIG) first highlighted the unspent funds concern in a January 2005 report on the PSGP (OIG-05-10). However, in its most recent review of the PSGP (OIG-06-24), completed in February 2006, the OIG revisited this issue and found that the balance of unspent funds for Rounds 1-3 had declined from \$347.4 million to \$179.5 million. In addition, the OIG found that, compared to the previous rounds, the Round 5 guidelines and application kit developed by G&T contained specific direction for the applicants, including information required in the project narrative, project plans, and budgets. This information has reduced concerns about project scope and the cost of projects that in the previous rounds had contributed to slow spending. Based on these findings, and its own internal analysis, the Department believes its efforts to ameliorate the unspent funds issue have been effective. I will continue to monitor this issue to ensure this remains the case.

2. I'm told that, in the past, port security grants have been awarded to ports in states like Oklahoma, Kansas, Tennessee, West Virginia, and Kentucky. I know all of these states have ports but I'm also pretty certain that those ports are not among the busiest or most at-risk in the country. I believe you mention something in your testimony about improving the port security program so that more money goes out based on risk. What kind of progress is being made in this area? Can you be more specific about which factors you look at?

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**Response:** The Fiscal Year (FY) 2005 Port Security Grant Program (PSGP), Round 5, underwent significant changes from previous funding rounds. The most important modification was formalizing the risk-based approach to allocating the funds. The Department's Office of Grants and Training (G&T), part of the Directorate for Preparedness (PREP), worked closely with the United States Coast Guard and PREP's Office of Infrastructure Protection to develop a risk-based formula that considered three factors: consequence, vulnerability and threat, with funds distributed based on risk, needs and national priorities for port security. Some of the data involved in the analysis included: economic impact, the number of port calls, as well as any credible threats and incidents, or operational indicators. The Nation's 129 largest volume ports were evaluated using these risk elements. Based on this evaluation, 66 port areas were identified for inclusion in the FY 2005 PSGP.

Other government agencies involved in PSGP award decisions included Customs and Border Protection, Transportation Security Administration, and Maritime Administration.

The FY 2005 PSGP focused on the following priorities:

- Protection against improvised explosive devices (IEDs) attacks involving small craft;
- Underwater attacks involving IEDs; and,
- Vehicle borne improvised explosives on ferries.

Additional program improvements initiated for the FY 2005 PSGP included:

- Standardized guidance and forms for the field and national reviews to ensure a common approach and documentation of decisions;
- A formal communications campaign for Federal partners and grantees to address process requirements and answer questions;
- A secure submission mechanism for field review materials; and,
- An enhanced national review process that combined the subject matter expertise of the participants with an automated scoring system to produce the prioritized national listing of projects to be funded.

3. I understand that the President's budget includes significant increases for the purchase of radiological detection equipment and for its deployment at key ports of entry around the country. I believe there's also some funding in there to study next-generation detection equipment. Where are we now with respect to deployment of this type of equipment at the most at-risk ports? How will the new money in this budget move us farther along?

**Response:** As of September 2006, the Department screens 100 percent of containerized cargo at mail facilities, 92% of containerized cargo at Northern Land Border crossings, approximately 92% of containerized cargo at the Southern Land Border crossings, and approximately 70% of containerized cargo at seaports for the presence of radiation with RPMs. Funding requested through FY 2007 will result in completing deployments to the Southern Border, as well as the 22 largest seaports (98 percent coverage, by volume).

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The DNDO and CBP are now conducting a joint analysis to determine the most cost-effective means of deploying ASP systems to the Nation's POEs, while building on past efforts to deploy current-generation systems to POEs. This analysis will take into account performance information gathered through DNDO testing and current cost estimates, as well as operational metrics such as throughput rates, natural occurring radioactive material (NORM) rates, and personally-owned vehicle (POV) rates at individual ports. The analysis will lead to a strategy that deploys ASP systems to secondary screening locations at low volume POEs and to primary and secondary screening locations at high volume POEs. This deployment strategy will provide the optimum mix of current- and next-generation systems while maintaining a fiscally responsible approach to the program.

In July 2006, DHS awarded three contracts with a ceiling of \$1.1B over the life of the contracts to finalize development, acquire and deploy ASP systems to our land and sea ports of entry. Procurement of next-generation technology will begin in FY 2006, with initial deployments in early FY 2007. Initial systems will be deployed at both Northern and Southern Border crossings, as well as seaports on both the East and West Coasts, so as to ensure that systems are subjected to a wide variety of the general stream of commerce. Lessons learned in these initial deployments will continue to feed spiral development of the radiation detection software in the portals. Simultaneously, deployments of these next-generation systems will continue to accelerate, placing ASP systems at the highest throughput ports, where reductions to secondary inspection rates (as a result of better radiation identification capabilities) will have the greatest effect. Current-generation systems will continue to be deployed to lower volume ports, where operations can be easily sustained while still meeting detection threshold requirements.

4. I was just visiting the Port of Wilmington in Delaware, one of the sites where the Transportation Security Administration has been testing something called the Transportation Worker Identification Card, or TWIC. I believe you plan on using the card to ensure that port workers don't have criminal or terrorist backgrounds and only have access to the parts of their ports that they need access to. I also understand that the test was supposed to end some time ago and that some sort of port ID system should be in place by now. My constituents at the Port of Wilmington told my staff and me, however, that the nationwide system is some time off and that test programs there and in at least one port in Florida will soon end.

I'm concerned that the cancellation of the TWIC test will lead to us taking a step backwards with respect to security at the Port of Wilmington. We've been screening employees and others who need regular access to the port against the terrorist database taking other precautions and now we're going stop that effort for a year or more until the nationwide program is ramped up. Does this make sense to you? When can we reasonably expect a full rollout of the TWIC program? Is there enough money in the President's budget to get it done sooner rather than later?

**Response:** The Transportation Security Administration (TSA) greatly appreciates the willingness of Port of Wilmington officials and their workers to partner with TSA in testing the prototype Transportation Worker Identification Credential (TWIC) at their facility. The knowledge gained

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in issuing cards to over 1,500 Port of Wilmington workers over the past year will speed full implementation of the TWIC program.

The prototype program ended in June 2005. TSA and Coast Guard used the experience from prototype in developing the TWIC NPRM and will provide valuable input in the development of the TWIC final rule. The Port of Wilmington continued to enroll workers in the prototype TWIC system through March 2006 and is still using the prototype TWIC card for its identity and access control credential. TSA assisted the Port of Wilmington and other sites in the Philadelphia area to transition to a self-sustaining credentialing process. This transition was completed in May 2006.

The Transportation Worker Identification Credential (TWIC) is a top Departmental priority, and I have directed my team to move forward with the program as quickly as possible. The Transportation Security Administration (TSA) recently published a "request for qualifications" seeking firms that are appropriately experienced and interested to help deploy certain components of the TWIC program. Eight companies were selected as qualified vendors for TWIC enrollment and system operations and maintenance. The TWIC RFP was released to these qualified vendors on September 1, 2006.

In addition, TSA and Coast Guard published a Notice of Proposed Rulemaking on May 22, 2006, and held a series of public meetings in Newark, NJ; Tampa, FL; St. Louis, MO; and Long Beach, CA to gather comments on the proposed rules. TSA and Coast Guard received over 1,900 comments to the NPRM. Many of these comments voiced concern regarding card and reader technology, analysis of economic impact, potential negative impacts to commerce, and uncertainty as to how TWIC requirements for facilities and vessels could be met.

After a review of the comments received during the comment period and the requests for extension, TSA and the Coast Guard decided not to extend the comment period for the NPRM. However, TSA and Coast Guard have concluded that facility and vessel owners and operators will not be required to purchase or install card readers during the first phase of the TWIC implementation. Additionally, a requirement to purchase and install card readers will not be implemented until the public is afforded further opportunity to comment on that aspect of the TWIC program. The details of this approach will be explained in the next rulemaking.

TSA and Coast Guard recently met with the Port of Wilmington on August 29, 2006 to discuss TWIC program status and to request their support in hosting the TWIC qualified vendors during the upcoming TWIC Bidder's Conference to discuss their experience with the TWIC prototype.

TSA and Coast Guard are on track to begin enrollment by the end of the calendar year.

5. Neither your testimony nor the President's budget spends very much time discussing rail and transit security. I know there's been at least some progress in this area, however. There have been some tests for passenger and luggage screening and there's been an effort to hire and deploy more rail inspectors and canine teams. How do you plan to continue and expand these

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efforts this year and through the President's budget? What is your goal as far as numbers for inspectors and canine teams? Can we expect anything from the department like recommendations screening technology or techniques or even actually buying and deploying some of the equipment that's been tested?

**Response:** The Transportation Security Administration's (TSA) budget request includes \$37 million dedicated solely to Surface Transportation Security. However, surface transportation security effectiveness should not be judged by simply looking at the amount of TSA resources focused on detecting or responding to an attack that is already underway. Working with others, in and out of government, our focus is to pre-empt terror attacks and disrupt them before an attack is in progress. To that end, the FY 2007 budget request also includes \$21 million for TSA's Transportation Security Intelligence Service, which supports intelligence and information sharing in all transportation modes. This is a more cost-effective use of resources, and a much more successful approach for protecting Americans in every part of the transportation system. TSA's surface transportation security funds are further supplemented by a requested \$600 million for targeted infrastructure grants administered by the DHS State and Local Program Office.

The FY 2007 budget request for Surface Transportation Security will enable the Transportation Security Administration (TSA) to implement a number of risk-based initiatives in rail and transit security. These include performing vulnerability assessments and corporate security reviews; developing and delivering security training programs; conducting compliance inspections; sponsoring and participating in security exercises; and serving as an information center for stakeholders in every transportation mode.

TSA has hired, trained and deployed 100 Surface Transportation Security Inspectors (STSI) to passenger rail and mass transit systems. To date, the STSI program has focused on nationwide outreach and liaison activities with the rail industry, and initiatives aimed at enhancing security in passenger rail and mass transit systems. STSIs are actively engaged in performing Security Analysis and Action Programs, which systematically examine a stakeholder's operations to assess compliance with security requirements, identify security gaps, develop best practices for sharing across the mode, and gather baseline information on the system, its operations, and its security resources and initiatives. In addition, STSIs conduct System Security Evaluations to comprehensively assess a system's security posture, as well as Security Directive Reviews, which are more targeted assessments of compliance with the applicable Transportation Security Administration Security Directives.

In addition to their security assessment responsibilities, STSIs have been deployed to enhance security and domain awareness during significant events. On July 7 and July 21, 2005, STSIs deployed jointly with Federal Rail Administration Safety Inspectors to monitor security postures and provide the Transportation Security Operations Center (TSOC) with security situational awareness in response to the London bombings. STSIs also deployed to support recovery efforts in the aftermath of Hurricanes Katrina and Rita and to provide enhanced security for the

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Presidential Inauguration and the Super Bowl. STSIs also regularly deploy to support investigation of transportation security incidents.

As part of an ongoing TSA effort to develop surge capacity to enhance security in mass transit and rail systems, STSIs provide security presence and subject matter expertise on Multi-Modal Security Enhancement Teams. These teams generally consist of Federal Air Marshals, Aviation Security Inspectors, National Explosives Detection Canine Team units, and STSIs, and serve to supplement local security resources and gain enhanced domain awareness and security capabilities.

TSA's canine explosives detection capability now includes 20 canine teams deployed to rail transit systems. An additional 10 teams are currently in training and an additional 7 teams will enter and complete training by August 2006. These 37 TSA canine teams will serve 11 rail transit systems. The proposed FY 2007 budget will sustain this dedicated canine explosives detection force.

Given the open nature of passenger rail and transit systems and the large volume of passengers they carry on a daily basis, TSA is focusing its passenger rail and transit technology efforts on the development of portable devices that can be deployed during high threat periods or on a random basis. Key technology projects with our partners include:

- TSA piloted the Mobile Security Checkpoint from April 4 – 28, 2006 at the Dorsey Street MARC commuter rail station and the Hunt Valley light rail station. For the entire project, 4,842 passengers and 7,226 pieces of baggage were screened during the test period. Results of the Mobile Security Checkpoint pilot indicated that this application to screen passengers and baggage was feasible. The technologies used during the pilot performed effectively, requiring few operational adjustments. In addition, TSA was able to successfully train, transition, and deploy experienced members of TSA's National Screening Force to apply the screening protocols and procedures for this specific deployment. Also, the unit was successfully moved from the Dorsey Street Station to the Hunt Valley Light Rail station on April 13, 2006, validating its portability. The technology may be deployed in support of operations at National Special Security Events, in response to a specific threat, or to deter terrorist activities during periods of heightened alert or threat level;
- Development of software for use with surveillance camera systems to detect anomalous human behavior. This technology is scheduled to be tested first at light rail stations, with a later pilot planned in a large passenger rail station; and
- Testing the use of portable explosives detection equipment in support of Multi-Modal Security Enhancement Team deployments.

6. For the past two years, we've appropriated \$150 million each year for grants that transit authorities, railroads, and Amtrak could use to make security upgrades. I recall some discussion in the past – perhaps during one of your previous appearances before this committee – about this money being slow in getting out to recipients or not getting out at all. Do you know who might



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have received rail or transit security grants the past two years? Do you know what the grants have been used for?

**Response:** The Office of Grants and Training (G&T), part of the Department's Directorate for Preparedness, has awarded more than \$197 million in grant funds for rail and transit security in the past two years. In Fiscal Year (FY) 2004, \$49,705,002 was made available for transit through State Administrative Agencies (SAA) under the Urban Areas Security Initiative (UASI). In FY 2005, \$140,517,987 was awarded through SAAs under the Transit Security Grant Program (TSGP). Additionally, \$6,373,750 was awarded directly to Amtrak for securing infrastructure within the Northeast Corridor under the FY 2005 Intercity Passenger Rail Security Grant Program (IPRSGP), and a further \$726,270 in technical support was provided to Amtrak through the Mass Transit Technical Assistance Program for a facilitated risk assessment of Amtrak's Northeast Corridor.

Though awards under the Transit Security Grant Program, grants are made to the states, the Department determines eligible transit systems under each award and requires states to pass grant funds to these transit systems, based upon a Regional Transit Security Strategy. G&T provides planning support and guidelines on allowable expenditures. G&T works with states and TSGP recipient transit systems directly, through the provision of technical assistance and routine programmatic and financial monitoring of progress and expenditures.

Tables 1 and 2 below summarize information provided by SAAs on utilization of transit funds as of the most recent grant reporting period for which data are available.

**Table 1: Utilization of FY 2004 Transit Security Program Funds**

| State                | Urban Area                         | # of Projects | Funding Amount        |
|----------------------|------------------------------------|---------------|-----------------------|
| California           | Fresno Urban Area                  | 5             | \$795,280.00          |
|                      | Los Angeles Urban Area             | 24            | \$2,766,391.00        |
|                      | San Diego Urban Area               | 3             | \$795,280.00          |
|                      | San Francisco Urban Area           | 2             | \$2,408,164.00        |
|                      | <b>California Total</b>            | <b>34</b>     | <b>\$6,765,115.00</b> |
| Connecticut          | New Haven Urban Area               | 1             | \$795,280.00          |
|                      | <b>Connecticut Total</b>           | <b>1</b>      | <b>\$795,280.00</b>   |
| District of Columbia | National Capital Region Urban Area | 3             | \$2,792,738.00        |
|                      | <b>District of Columbia Total</b>  | <b>3</b>      | <b>\$2,792,738.00</b> |
| Florida              | Miami Urban Area                   | 2             | \$1,590,560.00        |
|                      | <b>Florida Total</b>               | <b>2</b>      | <b>\$1,590,560.00</b> |
| Georgia              | Atlanta Urban Area                 | 1             | \$1,483,046.00        |
|                      | <b>Georgia Total</b>               | <b>1</b>      | <b>\$1,483,046.00</b> |
| Illinois             | Chicago Urban Area                 | 4             | \$5,486,468.00        |
|                      | <b>Illinois Total</b>              | <b>4</b>      | <b>\$5,486,468.00</b> |
| Indiana              | Indianapolis Urban Area            | 1             | \$795,280.00          |
|                      | <b>Indiana Total</b>               | <b>1</b>      | <b>\$795,280.00</b>   |

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|   |                            |           |                        |
|---|----------------------------|-----------|------------------------|
| <b>Maryland</b>   | Baltimore Urban Area       | 2         | \$1,826,910.00         |
|   | <b>Maryland Total</b>      | <b>2</b>  | <b>\$1,826,910.00</b>  |
| <b>Massachusetts</b>  | Boston Urban Area          | 1         | \$3,704,572.00         |
|   | <b>Massachusetts Total</b> | <b>1</b>  | <b>\$3,704,572.00</b>  |
| <b>New Jersey</b>   | Jersey City Urban Area     | 3         | \$2,045,014.00         |
|   | <b>New Jersey Total</b>    | <b>3</b>  | <b>\$2,045,014.00</b>  |
| <b>New York</b>   | New York Urban Area        | 13        | \$16,131,689.00        |
|   | <b>New York Total</b>      | <b>13</b> | <b>\$16,131,689.00</b> |
| <b>Ohio</b>   | Cleveland Urban Area       | 1         | \$795,280.00           |
|   | <b>Ohio Total</b>          | <b>1</b>  | <b>\$795,280.00</b>    |
| <b>Pennsylvania</b>   | Philadelphia Urban Area    | 3         | \$807,875.00           |
|   | Pittsburgh Urban Area      | 3         | \$2,299,335.00         |
|   | <b>Pennsylvania Total</b>  | <b>6</b>  | <b>\$3,107,210.00</b>  |
| <b>Texas</b>  | Dallas Urban Area          | 4         | \$795,280.00           |
|   | <b>Texas Total</b>         | <b>4</b>  | <b>\$795,280.00</b>    |
| <b>Virginia</b>   | Richmond Urban Area        | 1         | \$795,280.00           |
|   | <b>Virginia Total</b>      | <b>1</b>  | <b>\$795,280.00</b>    |
| <b>Washington</b>   | Seattle Urban Area         | 2         | \$795,280.00           |
|   | <b>Washington Total</b>    | <b>2</b>  | <b>\$795,280.00</b>    |
|   |                            |           |                        |
| <b>Total for Projects</b>   |                            | <b>79</b> | <b>\$49,705,002.00</b> |
|   |                            |           |                        |
| * Note: FY 2004 Transit Security Program (TSP) funding was included as part of the FY 2004 Urban Area Security Initiative (UASI). |                            |           |                        |

**Table 2: Utilization of FY 2004 Transit Security Grant Program (TSGP) Funds**

| State                       | Urban Area                         | # of Projects | Funding Amount         |
|-----------------------------|------------------------------------|---------------|------------------------|
| <b>California</b>           | Fresno Urban Area                  | 1             | \$208,550.00           |
|                             | Los Angeles Urban Area             | 31            | \$6,765,750.00         |
|                             | Sacramento Urban Area              | 8             | \$3,770,510.00         |
|                             | San Francisco Urban Area           | 19            | \$9,047,190.00         |
|                             | <b>California Total</b>            | <b>59</b>     | <b>\$19,792,000.00</b> |
| <b>Colorado</b>             | Denver Urban Area                  | 2             | \$1,225,000.00         |
|                             | <b>Colorado Total</b>              | <b>2</b>      | <b>\$1,225,000.00</b>  |
| <b>District of Columbia</b> | National Capital Region Urban Area | 4             | \$13,600,000.00        |
|                             | <b>District of Columbia Total</b>  | <b>4</b>      | <b>\$13,600,000.00</b> |
| <b>Florida</b>              | Miami Urban Area                   | 2             | \$2,400,000.00         |
|                             | Jacksonville Urban Area            | 1             | \$300,000.00           |
|                             | <b>Florida Total</b>               | <b>3</b>      | <b>\$2,700,000.00</b>  |
| <b>Georgia</b>              | Atlanta Urban Area                 | 2             | \$3,300,000.00         |
|                             | <b>Georgia Total</b>               | <b>2</b>      | <b>\$3,300,000.00</b>  |
| <b>Hawaii</b>               | Honolulu Urban Area                | 1             | \$675,000.00           |

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|                      |                                 |            |                         |
|----------------------|---------------------------------|------------|-------------------------|
|                      | <b>Hawaii Total</b>             | <b>1</b>   | <b>\$675,000.00</b>     |
| <b>Illinois</b>      | Chicago Urban Area              | 4          | \$12,450,000.00         |
|                      | <b>Illinois Total</b>           | <b>4</b>   | <b>\$12,450,000.00</b>  |
| <b>Louisiana</b>     | Baton Rouge Urban Area          | 1          | \$15,650.00             |
|                      | New Orleans Urban Area          | 2          | \$1,282,081.00          |
|                      | <b>Louisiana Total</b>          | <b>3</b>   | <b>\$1,297,731.00</b>   |
| <b>Massachusetts</b> | Boston Urban Area               | 1          | \$10,600,000.00         |
|                      | <b>Massachusetts Total</b>      | <b>1</b>   | <b>\$10,600,000.00</b>  |
| <b>Michigan</b>      | Detroit Urban Area              | 2          | \$400,000.00            |
|                      | <b>Michigan Total</b>           | <b>2</b>   | <b>\$400,000.00</b>     |
| <b>Minnesota</b>     | St. Paul/Minneapolis Urban Area | 10         | \$1,175,000.00          |
|                      | <b>Minnesota Total</b>          | <b>10</b>  | <b>\$1,175,000.00</b>   |
| <b>Missouri</b>      | Saint Louis Urban Area          | 4          | \$700,000.00            |
|                      | <b>Missouri Total</b>           | <b>4</b>   | <b>\$700,000.00</b>     |
| <b>Nevada</b>        | Las Vegas Urban Area            | 3          | \$500,000.00            |
|                      | <b>Nevada Total</b>             | <b>3</b>   | <b>\$500,000.00</b>     |
| <b>New York</b>      | New York Urban Area             | 5          | \$42,795,468.00         |
|                      | Buffalo Urban Area              | 1          | \$509,250.00            |
|                      | <b>New York Total</b>           | <b>6</b>   | <b>\$43,304,718.00</b>  |
| <b>Ohio</b>          | Cleveland Urban Area            | 1          | \$1,175,000.00          |
|                      | <b>Ohio Total</b>               | <b>1</b>   | <b>\$1,175,000.00</b>   |
| <b>Oregon</b>        | Portland Urban Area             | 5          | \$2,000,000.00          |
|                      | <b>Oregon Total</b>             | <b>5</b>   | <b>\$2,000,000.00</b>   |
| <b>Pennsylvania</b>  | Philadelphia Urban Area         | 1          | \$9,063,400.00          |
|                      | Pittsburgh Urban Area           | 1          | \$1,761,600.00          |
|                      | <b>Pennsylvania Total</b>       | <b>2</b>   | <b>\$10,825,000.00</b>  |
| <b>Tennessee</b>     | Memphis Urban Area              | 1          | \$300,000.00            |
|                      | <b>Tennessee Total</b>          | <b>1</b>   | <b>\$300,000.00</b>     |
| <b>Washington</b>    | Seattle Urban Area              | 11         | \$2,704,213.00          |
|                      | <b>Washington Total</b>         | <b>11</b>  | <b>\$2,704,213.00</b>   |
| <b>Wisconsin</b>     | Milwaukee Urban Area            | 1          | \$600,000.00            |
|                      | <b>Wisconsin Total</b>          | <b>1</b>   | <b>\$600,000.00</b>     |
|                      | <b>Total for Projects</b>       | <b>125</b> | <b>\$129,323,662.00</b> |

\* Note: FY 2005 Transit Security Grant Program (TSGP) funding was awarded to the State Administrative Agency (SAA) to support regional transit systems.

\*\* Note: Under the FY 2005 TSGP, the SAAs were allowed to retain up to 3% of their award amounts for management and administration (M&A). Thus, less, all possible retentions for M&A, the SAAs report having already obligated more than 99% of the funding for transit security projects.

7. The Delaware State Police are currently working with Amtrak and other law enforcement agencies along the Northeast Corridor to protect those tracks from terrorist activity. Currently, it is being paid for by Amtrak and by those law enforcement agencies, whose troopers do this

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policing by working overtime. The overtime cost to the Delaware State Police alone between August 2005 and January 2006 was \$28,080. They've requested support from your department through the rail security grants and have been turned down. Can you explain why they were turned down and what funding has been put towards securing rail infrastructure the Northeast Corridor infrastructure?

**Response:** Under the Fiscal Year 2005 Intercity Passenger Rail Security Grant Program (IPRSGP), Amtrak was provided with over \$7 million for security enhancements. Of these funds, over \$6 million were obligated for risk assessment, security enhancements and emergency preparedness along Amtrak's Northeast Corridor operations. The Department will award funds to Amtrak for additional security enhancements in FY 2006. These funds are not intended to absorb operational overtime costs. Rather, funds are provided to assist Amtrak with a vulnerability assessment and security enhancements for identified priorities.

However, limited overtime costs are allowable under other Office of Grants and Training (G&T) grant programs. For example, limited overtime costs are authorized under the Urban Areas Security Initiative (UASI) and the Law Enforcement Terrorism Prevention Program (up to 25 percent of the allocation under the programs). The following *organizational* activities are allowable costs under these grant program guidelines: 1) overtime for information, investigative, and intelligence sharing activities; and 2) reimbursement for select operational expenses associated with the increased security measures at critical infrastructure sites incurred during periods of Department of Homeland Security-declared Code Orange. Additionally, overtime and backfill costs for other certain planning, training, exercises, and management and administration purposes are allowable under an array of G&T grant programs, as identified within the *FY 2006 Homeland Security Grant Program Guidelines and Application Kit* released in December 2005.

8. As you know, Mr. Secretary, I represent a state that, while small, contains significant critical infrastructure. We're also located in a part of the country where we're literally surrounded by big states, some of the biggest cities in the country, and some of the most important and vulnerable transportation, energy and economic assets in the region. I have a question, then, about how your department will be determining how at-risk states and localities are and how first responder aid should be allocated among them. At one point, the President's budget says: "States and eligible urban areas must justify how their homeland security funds will improve their most critical capability gaps." What does this mean? Do grant applicants, the department or someone else get to define what a state or a city's "critical capability gaps" are? Do you think Delaware's location, in addition to its own critical infrastructure, should be taken into account when determining its "capability gaps?"

**Response:** Fiscal Year 2006 marks the first grant cycle in which the National Preparedness Goal and National Priorities are in place to guide preparedness grant expenditures. In line with the Goal's emphasis on building and sustaining risk-based target levels of capability, funding for several major grant programs in FY 2006 is being allocated primarily based on risk and need. For example, each State and Territory will receive a base allocation under the State Homeland Security Program and the Law Enforcement Terrorism Prevention Program according to the

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USA PATRIOT Act formula. The remainder of funds will be allocated based on: 1) an analysis of risk at the State and Urban Area levels, and 2) the effectiveness of grant proposals in reducing their identified needs. Additionally, all funding under the Urban Areas Security Initiative will be allocated based on risk and need.

The FY 2006 risk methodology employed by the Department addresses two separate, but complementary, types of risk: asset-based risk and geographically-based risk. Considered together, these two calculations provide an estimate of total terrorism risk, evaluating both risks to assets as well as risk to populations and geographic areas.

Need is being evaluated through a competitive review process. States and Urban Areas have developed and submitted their own Investment Justifications showing how funding will be used to support their needs. These needs were identified through a comprehensive, statewide review of priority capabilities and the overall state homeland security program. This review process focused on the National Priorities in the National Preparedness Goal, but afforded all States the flexibility to address additional capabilities that they consider to be a priority. The review was required as part of the application process and provided the foundation for the Investment Justification content. Applications are also being evaluated through a peer-review process based on the effectiveness of the plan to address identified priorities and thereby reduce overall risk.

9. I noticed that the President's budget proposes a significant for your department's Chief Financial Officer. Most of this money – I believe \$18 million – would be dedicated to what I guess is a new phase of a failed effort run by your Chief Information Officer called e-Merge that's intended to centralize your accounting and financial management functions. I'm concerned about this request because I know that more than \$20 million has been spent on this effort in the past to little effect. What I'd like to know, then, is what lessons you've learned that will allow you to avoid more waste and get this important project done? What's different this time and what was wrong with the CIO's oversight of the last incarnation of this project.

**Response:** The initial *eMerge*<sup>2</sup> strategy to develop a new financial system was based in part on an assessment, conducted in 2003, which concluded that the mission support systems being inherited by the new Department of Homeland Security had limitations. Specifically, each of the systems examined failed to meet all mandatory requirements promulgated by the Financial Systems Integration Office (formerly Joint Financial Management Improvement Program), the government's financial systems' standards setting board. Based on this study's findings, and the fact that there were a number of new or transferred organizations that had no resource management systems, the decision was made to develop a new, integrated suite of resource management systems that would serve as a platform for the entire Department.

At the same time, a few other efforts already underway prior to the creation of DHS were allowed to continue. CBP was well on its way to implementing an integrated suite of resource management systems with SAP, and SAP was an integral part of the massive CBP Automated Commercial Environment (ACE) initiative. Similarly, both Coast Guard and Secret Service were in the midst of implementing upgrades to their resource management systems. Instead of

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requiring CBP, Coast Guard and Secret Service to migrate to the new *eMerge*<sup>2</sup> solution, it was decided to design an interface so that data from these agencies' systems could be fed into the *eMerge*<sup>2</sup> solution to enable department-wide data compilations and evaluations and the development of consolidated financial statements.

In September 2004, after a competitive acquisition process, BearingPoint was awarded a Blanket Purchase Agreement (BPA) with a ceiling of \$228.7 million to acquire and implement the *eMerge*<sup>2</sup> solution. So as to minimize the risk of such a large project, the Department structured the project so that DHS would incrementally issue firm-fixed price task orders for small, measurable portions of work. The first task order (Task Order #1) was issued for \$20 million for solution development and conference room pilot testing. Soon into work on this task order, concerns began to arise regarding the extent to which there was a clear understanding between DHS and BearingPoint on what was to be delivered. Deadlines were missed, and products presented to the project team were not accepted. As a result, in February 2005, the DHS CFO initiated a review of the *eMerge*<sup>2</sup> effort.

Work under Task Order #1 was closed out in April 2005, prior to completion. Based on the work that was satisfactorily completed, the price was adjusted from \$20 million to \$6 million. As work was halted on Task Order #1, DHS issued a small, well-defined order (Task Order #2) to BearingPoint in the amount of \$2.9 million. The primary activity under Task Order #2 was to help DHS in evaluating existing financial systems in the Department against the capabilities to meet core functional requirements, which were derived from the requirements developed during the first phase of the *eMerge*<sup>2</sup> project.

Based on these reviews, the DHS CFO concluded that several existing components in DHS had upgraded their systems and improved operations to the extent that viable alternatives to restarting with a new system integrator were possible. The assessment also concluded that the Office of Management and Budget's Financial Management Line of Business and its Centers of Excellence offered viable alternatives to meet DHS' requirements as well. In December 2005, DHS chose not to exercise the next option year on the BearingPoint BPA, and so the BPA expired. The total expenditure on the *eMerge*<sup>2</sup> contract with BearingPoint under the implementation BPA for all task orders was \$8.9 million.

The most important strategy to be shared from facing these challenges is the value of having effective project controls. Through the controls established by DHS, it became readily apparent that the contractor's performance did not meet government expectations. Performance problems were identified through Weekly Status reporting, analysis of Earned Value Metrics, and through a rigorous deliverable review process. Because of this thorough documentation, the government was able to close out the contract and pay only for the goods and services that met the criteria for acceptance and that provided residual value to the government regardless of the strategy going forward.

DHS also placed tremendous emphasis on structuring and scheduling work products in small measurable, incremental deliverables, enabling the Government to limit its risk. DHS learned

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that instead of attempting to carry out a broad range of tasks in a phased manner, analogous to the 'waterfall approach', large implementations like this should evolve in small increments to enable better performance and the flexibility to adjust to an evolving solutions environment.

Another lesson learned over the past year is that we must closely link our systems improvement efforts to our more global financial management improvements efforts. DHS has numerous challenges in financial management. We have many material weaknesses to address, most of which do not require major systems changes or upgrades. DHS needs to reach a baseline level of financial management performance, before DHS can be transformed. Moving ineffective processes, controls, and organizations onto an improved system is not a recipe for success. *EMerge<sup>2</sup>* plans going forward must take into account all aspects of DHS financial management (people, processes, systems), fully leverages the business architecture where we developed, applies the lessons learned from the attempt to build an integrated solution, and capitalizes on the ongoing efforts of OMB's Financial Management Line of Business initiative.

The \$18 million requested for FY 2007 is funding that would be used in a variety of ways to help DHS make financial systems improvements. Even though the *eMerge2* effort was unsuccessful, and DHS has determined it should approach its challenges in a different way, DHS still has the need to produce useful, timely and accurate financial information. The funding is needed to finalize the plans for which components should consolidate around which systems, and to initiate those consolidations.

10. I know you've created an entity called the Katrina Internal Controls and Procurement Oversight Board to manage some of the money going into the Gulf Coast recovery effort. How is this body integrated in the department's management structure and what kind of progress has it made in spotting and recovering improper payments and preventing waste? Will the Board serve as a model for how you'll manage expenditures during future disasters?

**Response:** The DHS Management Directive for Acquisition Oversight describes how the Department reviews all Component acquisitions programs. The procurement Oversight Board is in the process of reviewing over 600 Katrina contracts and purchase orders, plus over 13,000 Purchase Card transactions through the application of the DHS Acquisition Oversight Program. The Oversight program was approved in December 2005 and the FEMA contracts for Katrina and Rita are the first application of this department-wide program. The Department will assess the efficacy of the entire Internal Controls and Oversight Board process before applying the model to future disaster responses. The Department will continue to apply the Acquisition Oversight Program to its more routine acquisitions.

**Questions from Senator Lieberman****Port Security**

1. It has been more than four years since 9/11 and since the Maritime Transportation Security Act became law. Why hasn't the Department issued minimum security standards for port facilities?

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**Response:** The Coast Guard has issued security standards for port facilities. The Coast Guard regulation implementing the provisions of the Maritime Transportation Security Act of 2002 was written to be performance based rather than prescriptive, (i.e., they describe a desired security end state for all vessels and facilities and the operators provide the Coast Guard with the information on how they will attain that end state through their Vessel or Facility Security Plans).

2. Maritime security expert Steve Flynn has estimated that in order to provide real port and container security, we would need container (x-ray or other technology) imaging systems for every two portals monitors. But the budget only includes approximately \$35 million for imaging equipment, compared to almost \$180 million for portal monitors.

Does Customs and Border Protection need to deploy both radiation portal monitors and imaging systems to detect WMD's or dirty bombs? If so, why doesn't the budget include more funding for imaging systems?

**Response:** The Department strongly agrees with the need to deploy passive detection systems such as radiation portal monitors (RPMs) in concert with active imaging, or radiography, systems. This integrated approach provides the ability to directly detect unshielded nuclear and radiological materials (using RPMs), as well as materials that could be used to shield nuclear and radiological materials (using radiography systems). In FY 2007 CBP plans to continue the deployment of additional large-scale imaging systems with existing funds.

As of August 2006, CBP has deployed 871 RPMs to our ports of entry. CBP also has 179 large-scale imaging systems deployed to our Nation's ports of entry with an additional seven to be deployed in the next couple of months. Some of the more recent deployments are to be high-energy systems that will greatly improve our ability to identify anomalies in more dense cargoes.

The Domestic Nuclear Detection Office is also working collaboratively with CBP to improve the capabilities of each these technologies—the Advanced Spectroscopic Portal (ASP) program to improve identification capabilities in RPMs and the Cargo Advanced Automated Radiography System (CAARS) program to provide improved penetration and automated processing for imaging systems. CBP and the DNDO are developing options for the continued use of current-generation imaging equipment until the CAARS program yields deployable systems (currently projected for initial deployments in FY 2008). CBP and DNDO will continue to work together to determine the appropriate mix of both current and next generation imaging and radiation technology to further enhance the security at our nation's borders

3. Will proposed elimination of a separate Port Security Grant Program, which would be replaced by a broader critical infrastructure grant program (TIP) force port facilities to compete against all other types of infrastructure for limited resources?

**Response:** The Targeted Infrastructure Protection Program (TIPP) is a significant investment in securing our Nation's critical infrastructure and key resources and is the best means by which the Nation's critical infrastructure, including ports, can be secured. Enhancing the security of the



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Nation's critical infrastructure continues to represent a high priority for the Department, and funds provided through TIPP will directly enhance the preparedness of the owners and operators of key transit systems, port assets, and other infrastructure to prevent and respond to large scale incidents.

Funds provided through TIPP will also allow the Department to build on and leverage partnerships with other Federal agencies and industries that seek to advance the state of the Nation's preparedness through better security solutions and information sharing approaches. Further, a consolidated Targeted Infrastructure Protection Program will allow funds to be awarded according to the greatest risk as well as to match resources to changing risks.

Risk is dynamic, and this is especially true of the threat component. Therefore, I cannot predict exactly how much funding from the TIPP program would go to specific infrastructure sectors. However, I can say that the security of the Nation's critical transit infrastructure, especially the port element of this, is a significant area of concern and would be a major component of the TIPP calculus.

#### Transit Security

4. The American Public Transportation Association has reported that transit systems need \$6 billion for security, and that passenger rail systems require \$1.2 billion for security. In each of the last four years, I have proposed that the Administration dedicate \$500 million to the security of transit systems in order to begin to meet this desperate need. Yet for the second straight year, the Administration has not requested funding specifically for the security of rail and transit systems. Instead, it has left to the discretion of DHS a \$600 million fund for a host of critical infrastructure security needs.

Why does the budget request not include a line item for rail and transit security in the FY2007 budget? How much do you expect DHS will spend from the Targeted Infrastructure Protection Grants on rail and transit security?

**Response:** The Targeted Infrastructure Protection Program (TIPP) represents a significant investment in securing our Nation's critical infrastructure and key resources, and is the best means to secure the Nation's critical infrastructure, including transit systems. Enhancing the security of the Nation's critical infrastructure continues to be one of the highest priorities of the Department, and funds provided through TIPP will directly enhance the preparedness of the owners and operators of key transit systems, port assets, and other infrastructure to prevent and respond to large scale incidents.

The President's Fiscal Year (FY) 2007 budget requests an increase of approximately \$210 million above what was actually appropriated in FY 2006 for infrastructure protection, including port security, mass transit security, and buffer zone protection efforts, among others. In creating TIPP, the Department will be able to target funds through a single, comprehensive grant program based on risk, need and national homeland security priorities. TIPP will also allow DHS to match resources to changing risks, as well as build on and leverage partnerships with other

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Federal agencies and industries that seek to advance the Nation's preparedness through better security and information sharing.

Risk is dynamic, and this is especially true of the threat component. Therefore, I cannot predict exactly how much funding from the TIPP program would go transit systems. However, I can say that the security of the nation's critical transit infrastructure, especially the rail element of this, is a significant area of concern and would be a major component of the TIPP calculus.

#### FEMA

5. The Administration's review of Hurricane Katrina included a recommendation for a homeland security university, much like a proposal that I have made for over four years now, for a National Homeland Security Academy. In the aftermath of September 11th, the Department created a number of plans, such as the National Response Plan, and structural planning documents like the National Incident Management system to describe each department and each government's role during a response to significant incident, whether natural or manmade. Many agencies struggled to adhere to these documents and our oversight and investigation has revealed their confusion.

How does this budget seek to increase training and education on these plans and other aspects of response at FEMA? Do you believe that this budget provides adequate funding for training in these areas?

**Response:** DHS will continue to strive to conduct more planning, training and exercising among DHS, other Federal agencies, as well as states and local jurisdictions. DHS is enhancing our training efforts to ensure that all DHS personnel who might be called upon in the event of an incident of national significance are very familiar with the concepts of the NRP. These individuals must also participate in ongoing training exercises for different types of emergency, disaster, or catastrophic incidents, whatever the cause – whether it is a man-made, terrorist attack or a natural disaster. It is vital that DHS officials and employees must remain sharp as to the tenets of incident management. The collective efforts of all levels of government are needed to clarify responsibilities and ensure proactive responses. DHS will continue to gather information and use the lessons learned from the hurricane response so that we can better serve state and local governments in future disasters.

As part of FEMA's implementation of NIMS, all FEMA full-time employees and reservists were required to complete 4 independent study (IS) courses: IS-100, Introduction to Incident Command System; IS-200, Basic Incident Command System for Federal Disaster Workers; IS-700, National Incident Management System: An Introduction; and IS-800, National Response Plan: An Introduction. All new hires post-Katrina are also required to complete this mandatory training. In preparation for the upcoming hurricane 2006 season, FEMA trained 1500 "disaster generalists" (Stafford Act Employees) by June 1, 2006. In addition to the mandatory training above, these generalists also completed an additional 40 hours of classroom training on such topics as disaster operations, safety and wellness, customer service, managing change, disaster assistance procedures, and monitoring of debris removal.

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In FY 2007, the National Incident Management System Integration Center will establish training tied to exercise component of NIMS for all federal emergency personnel based on roles, responsibilities and assignments during an event. Funding will permit the expansion of exercise-based training for federal responders. This exercise-based training will permit federal agencies to test emergency management policies, plans, procedures, and resources prior to a disaster or emergency with emphasis on incident management, preparedness, multi-agency coordination, information management, resource management and communication management. Curriculum also will be developed to support NIMS, NRP, ICS, as well as medical and healthcare related training for members of federal teams. The NIMS Integration Center met with federal agency and department representatives to discuss NRP roles and responsibilities and multi-agency coordination within the Emergency Support Functions of the NRP and NIMS compliance requirements and to offer assistance where needed. A Summit meeting for Senior Officials of the Federal Agencies represented in the NRP was held May 31-June 2, 2006 at the Emergency Management Institute. This was an opportunity to highlight planning and training roles and responsibilities under the National Incident Management System (NIMS), for networking, to showcase best practices, to create strategic alliances for future partnering efforts and to share respective protocols used within the Federal agencies. One of the outcomes of this Summit meeting for Senior Officials of the Federal Agencies was the development of a federal agency peer review program to share and integrate Federal planning and training best practices.

In addition to the NIMS Multi-agency Coordination System, Public Information System, Resource Management, and Communications and Information Management courses that will be released in FY 2006, the following NIMS training courses will be released in FY2007:

- NIMS Preparedness
- NIMS Mutual Aid
- NIMS Resource Typing

FEMA also will continue to provide additional training resources to the Executive Branch over the next year to help better prepare for COOP events. In FY 2006, FEMA will be fielding a new COOP Planners Course to assist government officials with the development of key COOP documents. FEMA will also be providing Risk Assessment and Building Security training to COOP Managers over the next year.

### Science and Technology

6. The Administration's budget request proposes to cut funding for the Science & Technology (S&T) Directorate, dismember successful S&T programs and undermine the ability of agencies in S&T to dramatically improve the effectiveness of homeland security R&D programs at individual National Laboratories.

Have you identified any serious shortcoming in the authorities, agencies and functions that the Homeland Security Act gave S&T or discovered any significant performance failures at S&T agencies such as the Homeland Security Advanced Research Projects Agency (HSARPA)? If so, please describe.

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**Response:** The Department of Homeland Security (DHS) has not identified any serious shortcomings or significant performance failures within the Science and Technology (S&T) Directorate including the Homeland Security Advanced Research Projects Agency (HSARPA). The S&T Directorate Research and Development budget fluctuations mentioned above are the result of the normal ebb and flow of research and technology development projects and to improve the accuracy of resource utilization reporting on the direct and indirect costs associated with these projects.

7. Under the Homeland Security Act, S&T is responsible for developing a government-wide R&D strategic plan for homeland security. Has this been developed? If not, why? In the absence of a government-wide R&D strategy for homeland security, how are DHS and other federal departments ensuring that R&D dollars are not spent on redundant programs?

**Response:** The *National Plan for Homeland Security Science and Technology* is required by Section 302(2) of the *Homeland Security Act of 2002*. The Science and Technology (S&T) Directorate has been working through the interagency process to develop a government-wide strategic plan for homeland security. The resulting *National Plan for Homeland Security Science and Technology* articulates the Nation's strategic vision for science and technology in support of homeland security, as well as identifying key near-, mid-, and long-term priorities that will help make this vision a reality. The national plan serves as a foundation for the development of comprehensive, research-based definable goals for such efforts and development of annual measurable objectives and specific targets to accomplish and evaluate the goals for such efforts. The plan was placed in the final informal interagency review in the fall of 2005 and the comments and changes are currently being incorporated. The Plan will be submitted for Departmental clearance and then interagency clearance led by OMB in the coming months.

In addition to the development of the *National Plan for Homeland Security Science and Technology*, representatives from the S&T Directorate sit on several interagency working groups. These working groups provide additional forums for interagency input and discussion on policy and research issues. This provides additional assurance that funding is requested in the appropriate areas of R&D throughout the Federal government.

#### **Domestic Nuclear Detection Office (DNDO)**

8. I applaud the Administration's decision to begin making large investments in research and development (R&D) to dramatically improve our nation's ability to detect and prevent the importation of chemical, biological, radiological and nuclear weapons of mass destruction. While the notion of consolidating testing, evaluation and procurement of radiation detection systems in a Domestic Nuclear Detection Office (DND) has merit, moving advanced research and development programs out of the S&T Directorate does not.

Why is the Administration persuaded that S&T cannot continue its successful management of advanced research and development on radiological and nuclear counter-measures? What is the justification for duplicating S&T functions in a stand-alone office?

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**Response:** The decision to form the DNDO was not predicated on any assumption regarding the ability of the S&T Directorate to manage radiological and nuclear countermeasures R&D programs. Instead, the Department recognized an opportunity to integrate the programs that were being managed by the S&T Directorate with acquisition and deployment programs that were being conducted in other components, as well as radiological and nuclear countermeasures programs being conducted in other departments.

The DNDO *will not* duplicate any programs underway within the S&T Directorate. Clear roles and responsibilities between the two components have been established, and the DNDO now has the sole responsibility within DHS to conduct RDT&E in support of the Department's mission to prevent nuclear and radiological terrorism. The DNDO will continue to closely interface with the S&T Directorate on joint projects, as appropriate, for the development of technologies that may provide countermeasures against multiple threat types.

9. Virtually all advanced R&D to combat nuclear terrorism is conducted at the same National Laboratories. S&T was given the statutory authority to end the duplication of effort at individual National Laboratories and improve the effectiveness of homeland security research and development. I am told that DNDO also intends to duplicate S&T's programs that now support WMD research and development at major universities and in the private sector. What steps have you taken to ensure that this aspect of DNDO operations will not undermine S&T?

**Response:** Clear roles and responsibilities between the two components have been established, and the DNDO now has the sole responsibility within DHS to conduct RDT&E in support of the Department's mission to prevent nuclear and radiological terrorism. In addition, the DNDO mission has been expanded beyond that which was historically conducted by the S&T Directorate, to include the acquisition of technologies to be deployed domestically at and within the Nation's borders. The DNDO is executing this responsibility through an RDT&E and acquisition program that taps into the unique talents of the National Labs, private industry, and the academic community.

The DNDO will continue to closely interface with the S&T Directorate on joint projects, as appropriate, for the development of technologies that may provide countermeasures against multiple threat types. As has been stated in the past, the goal is to make sure that this Nation maintains a preeminent research and development program to address the technical challenges in radiation detection science and technology, while at the same time capitalizing on the benefits of integrating this program with larger acquisition and operational support efforts.

### Border Security

10. In recent years initiatives to enhance equipment and technology at the border have proceeded fitfully. The Administration's budget proposes an additional \$100 million for border technology. The Department recently announced its "Secure Border Initiative" (SBI), which represents a reversal from its earlier "America's Shield Initiative." Under SBI, DHS anticipates hiring a contractor to come up with an integrated solution "which addresses all aspects of border

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security." DHS will offer contractors no opinion as to how this formidable goal should be accomplished. The total cost of the program is expected to run into the billions of dollars.

Why have you chosen to delegate to a contractor basic questions about how to develop our nation's comprehensive border security technology system? Why don't you believe these decisions are best left to DHS officials?

**Response:** DHS is developing an operating system to control the border that provides detection, identification, response, and resolution to unauthorized border entries. Through the *SBI<sub>net</sub>* contract, the DHS industry partner will assist DHS to develop and deploy the technology and infrastructure necessary for DHS to execute its border control responsibility.

DHS is responsible for defining the *SBI<sub>net</sub>* requirements, evaluating proposals, choosing the solution that best meets its needs, and ensuring the solution is delivered within the stipulated performance, cost, and schedule parameters after the contract award.

In developing an acquisition approach for *SBI<sub>net</sub>*, DHS conducted detailed market research in accordance with Federal Acquisition Regulation (FAR) Subpart 10 – Market Research. In conducting its research, DHS found affirmatively that:

- Commercial sources are capable of satisfying DHS' border control requirements; and,
- Commercial services, and commercial and non-developmental items, are available to meet DHS' need.

Based on these findings, DHS crafted an acquisition strategy and approach for *SBI<sub>net</sub>* that considered its size, scope, complexity and program objectives that: 1) allows the market to drive and DHS to choose the most realistic, reasonable, and cost effective mix of performance targets; 2) allows for accelerated and streamlined design and deployment of the system; and 3) ensures a single contractor is responsible and accountable for meeting the DHS defined objectives and performance targets for *SBI<sub>net</sub>*.

11. Customs and Border Protection (CBP) officials say they will not issue a solicitation until late March or early April, yet the agency plans to award this huge border security contract to a single "prime integrator" by the end of FY'06, and the technologies are supposed to be deployed quickly beginning in FY'07. Federal agencies and DHS in particular, have a poor track record when they rush into expensive and poorly defined projects. Is it wise to move so quickly on this procurement?

**Response:** Given that controlling our borders is mission critical, DHS needs to move quickly to implement a comprehensive technology solution. As outlined, DHS has put into place numerous safeguards to ensure appropriate oversight and delivery of an effective product. DHS expects to award the contract by the end of September 2006.

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12. You are requesting \$100 million for a technology solution for border security needs without knowing what the solution will be. How can Congress assess the adequacy of the technology solution, and determine whether to fund it, under those circumstances?

**Response:** DHS is utilizing a Statement of Objectives (SOO) approach in the SBInet contract solicitation. An SOO is a Government-prepared document incorporated into the solicitation that states the overall performance objectives of the government's contract requirement. It is provided in the solicitation in lieu of a government-written statement of work or performance work statement, and is used in solicitations when the Government intends to provide the maximum flexibility to each offeror to propose an innovative approach. (Reference FAR Subpart 2.101.)

In making this decision, DHS considered the following FAR guidance:

"11.101 Order of precedence for requirements documents.

(a) Agencies may select from existing requirements documents, modify or combine existing requirements documents, or create new requirements documents to meet agency needs, consistent with the following order of precedence:

- (1) Documents mandated for use by law.
- (2) Performance-oriented documents (*e.g.*, a PWS or SOO). (See 2.101.)
- (3) Detailed design-oriented documents.
- (4) Standards, specifications and related publications issued by the Government outside the Defense or Federal series for the non-repetitive acquisition of items."

DHS will negotiate and evaluate the SBInet offeror's capability and approach for achieving the SBInet SOO against the following evaluation criteria:

1. Technical Approach
2. Performance Measures and Incentives (Note: Offerors are required to demonstrate performance driven specifications with quantitative metrics for SBInet technology solutions.)
3. Management Plan
4. Performance Risk
5. Past Performance and Customer Satisfaction
6. Subcontract Plan
7. Offeror's Proposed Task Order (to be awarded with the master contract)
8. Cost/Price

DHS understands and appreciates Congress' role in helping to achieve the goals of SBI and SBInet; accordingly, DHS will provide Congress with regular updates through the evaluation and award of the contract.

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13. DHS intends to make this award to a single contractor, operating on an indefinite-delivery indefinite-quantity contract. That means the contractor will be determining technology solutions and charging the government. Does this make the program more vulnerable to cost-overruns and poor program management? Please explain your answer.

14. Why doesn't the Department issue a multiple-award contract so that DHS could conduct competitions for individual task orders under the contract?

**Response for 13 and 14:** DHS finds its acquisition strategy provides the greatest likelihood of success for the *SBLnet* program. A single prime contractor responsible for designing, implementing, and integrating existing and new technologies will combine effectively to act as a force multiplier allowing DHS to more quickly and efficiently secure the border. In developing its single award indefinite- delivery indefinite-quantity strategy, DHS is utilizing a number of successful contracting practices including:

- Best value contractor selection.
- Singular contractor responsibility for schedule, cost, and quality.
- Performance focused specifications.
- Metrics and regular progress monitoring.
- Award fee and incentives to achieve goals.
- Early knowledge of firm costs, with built-in decision points.
- Scheduled savings as design, procurement, and performance can appropriately overlap.
- A mix of fixed price, cost, award fee and incentive type task orders to achieve goals.
- Reduced administrative burden through a single award approach.

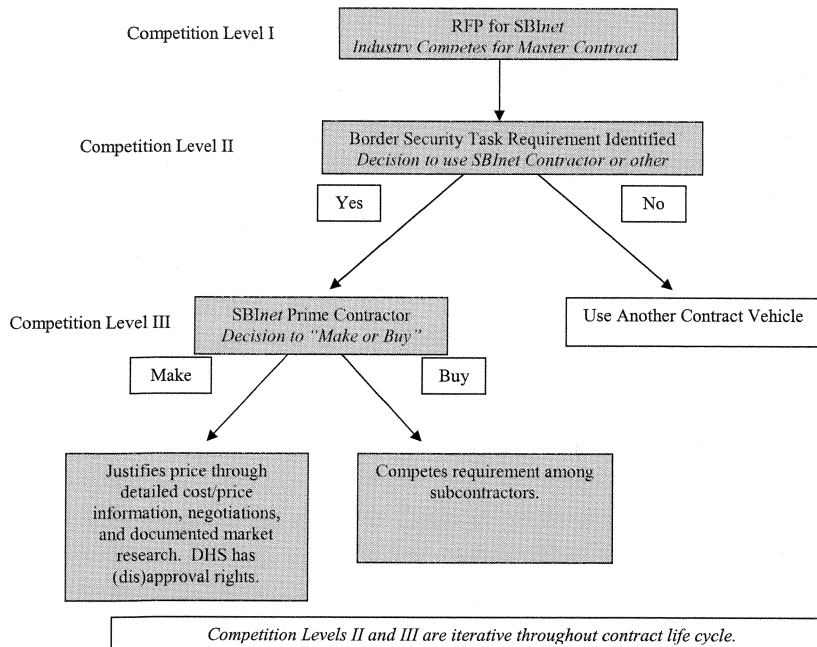
Through this acquisition approach DHS ensures competitive pricing pressures and reviews are conducted. A graphical depiction of this competitive environment follows:



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#### Competitive Environment for SBI<sub>net</sub> Acquisition



Lessons learned from other major systems acquisitions were considered as DHS developed the acquisition strategy for SBI<sub>net</sub>. For example:

- To mitigate performance risk performance metrics, targets, and goals at the system and task order level will be individually negotiated. Through these negotiations the government will evaluate realism and reasonableness as to metric development methodology and logic, and its impact on cost and price.
- To mitigate future cost risk, evaluations of teaming agreements and subcontracts will be conducted. This approach will provide DHS with the opportunity to ensure the agreements do not bind the government to long term pricing agreements that may not be competitive in future years. Comprehensive task order cost and price evaluations will be conducted on each task order to ensure competitive and current market rates.
- Organizational conflict of interest mitigation plans will be evaluated to ensure that the contractor, associated corporate entities, and subcontractors do not inappropriately leverage their role as "system designer" to drive solutions that would provide them with an unfair competitive advantage on future competitions.

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- d. The contract and program management plans give DHS visibility into make or buy decisions and ability to (dis)approve those proposals made by the contractor.
- e. DHS retains the right and flexibility to separately compete work to support systems implementation. For example, DHS may opt to separately compete fence construction and installation for a given project area. Alternatively, it could choose to provide the contractor with furnished equipment and services.
- f. Although complex, the department does not envision large capital assets being needed to support the solution. The absence of major capital asset acquisition and deployment reduces the overall risk level to the program. The *SBI*net program will generally procure commercial and/or currently available technologies. It does not have the same likelihood of requirements and cost growth inherent in a developmental technology or system.
- g. Strong program and contract management is being put in place now to be fully operational before contract award. Elements of the management plan are:
  - (i) DHS is establishing a robust program management structure to manage this program and contract.
  - (ii) The SBI Program Executive Office (PEO), reporting to the Under Secretary for Policy, will ensure overall integration and management throughout DHS including oversight of *SBI*net performance and activities.
    - A program management office within Customs and Border Protection (CBP) is being established to oversee CBP's overall SBI activities. Within this office, an *SBI*net project team is being established.
- h. The source selection will give preference to a single integrator whose business model does not create an actual or perceived preference for issuing subcontracts as sole source.
- i. The contract performance period for *SBI*net is 3 years, with options to extend performance up to a total of 6 years.

DHS believes that its solutions-based, performance-based, and single contract award strategy appropriately manages the risk inherent to the program while employing effective risk mitigation techniques.

### Questions from Senator Carl Levin

1. How many Border Patrol Agents do you believe are necessary to adequately secure our international land borders?

**Response:** Customs and Border Protection's (CBP), Office of Border Patrol (OBP) has developed a comprehensive staffing plan for securing the borders of the United States. The optimal number of Border Patrol agents required to obtain operational control of the borders is approximately 18,000, assuming the proper mix of technology and infrastructure.

The optimal staffing level was derived from a compilation of analyses and methodologies, including:

- Lessons learned from the operational successes of OBP's 1994 Strategy;

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- Extensive data from private contractors evaluating asset requirements for optimal border control on both the northern and southern borders;
- Ongoing sector surveys assessing the levels of staffing, technology, and infrastructure needed for maximum border control;
- Presumptions extracted from OBP's terrain guide as they pertain to the implementation of resources;
- The large numbers of alien and drug apprehensions and the probability of a terrorist exploiting the border environment in order to gain illegal entry;
- An operational requirements-based budget strategy, which integrates personnel, technology and infrastructure requirements in the manner most effective for gaining operational control of the borders; and
- Current intelligence regarding terrorist activity and border vulnerabilities.

A. How many Border Patrol Agents do you believe are necessary to adequately secure our Northern Border?

**Response:** CBP estimates between 2,000 to 3,000 agents will be required to adequately secure the northern border, assuming the proper mix of technology and infrastructure.

2. Do you plan to continue to add Border Patrol Agents in Fiscal Years 2008 and beyond?

**Response:** Yes, the plan is to recruit and train a total of 6,000 new Border Patrol Agents during Fiscal Years 2007 through calendar year 2008.

A. How long before you reach your final end strength goal for Border Patrol Agents?

**Response:** CBP will reach its goal of 18,300 Border Patrol Agents by the end of calendar year 2008.

3. How will the addition of 1,500 new Border Patrol Agents in Fiscal Year 2007 impact the staffing levels along the Northern Border?

**Response:** Northern border enhancements are realized through journeymen agent transfers. These experienced agents have the essential skills for working in the northern border environment. The 1,500 new Border Patrol agents will not only enhance southern border operations, but also will backfill vacancies left from journeymen agent transfers to the northern border. According to Border Patrol staffing plans, approximately 130 to 150 agents will be transferred to the northern border.

A. Can estimate the number of Border Patrol Agents that will be deployed along the Northern Border at the end of Fiscal Year 2006? At the end of Fiscal Year 2007?

**Response:** CBP estimates that over 1,000 agents will be deployed along the northern border by the end FY2006, with an additional 150 by the end of FY2007.

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4. It is my understanding that DHS originally planned to open five Northern Border Air Wing sites in New York, Washington, North Dakota, Montana, and Michigan. The sites in New York and Washington have been operational since 2004. Will new Northern Border Air Wing sites be established in Michigan and North Dakota during Fiscal Year 2007?

A. When will specific sites in Michigan and North Dakota be selected?

B. When do you predict these sites will be operational?

**Response:** See #5 below.

5. Is there any funding in the Fiscal Year 2007 budget to open additional Northern Border Air Wing sites?

**Response:** The Department will begin the activation process for new air sites in both Detroit, Michigan and the Grand Forks area of North Dakota in FY 2007. The site survey for Detroit has been completed and preliminary work to assess hangar, maintenance, and support facility requirements is ongoing. Air assets are being identified for transfer to the site and staffing plans are being compiled. The FY 2006 appropriation provided \$2 million for the North Dakota site assessment, which is in progress and should be completed in late May 2006. The relocation of air assets and experienced personnel for both sites remains a challenge, and the Department will have to close smaller, less valuable, interior sites to support the Northern Border site activations. This should enable the Department to establish a limited, initial presence at both sites by the end of FY 2007.

A. If so, how much money has been budgeted for the opening of these sites?

**Response:** The current cost to fully activate a single site is approximately \$17 million (\$12 million for infrastructure, operations, and maintenance, and \$5 million for staffing salaries and relocations), depending on specific site requirements and the phasing of the activation in the year of execution.

6. What criteria were used to determine the order of Northern Border Air Wing sites to be opened?

**Response:** The order in which the border sites are activated was based the known level of aviation, marine, and ground activity in each geographical area, combined with available intelligence on the threat. This resulted in Bellingham, WA, and Plattsburgh, NY, being activated first, with Great Falls, MT, and Detroit, Michigan, to be activated second. Grand Forks, ND, was identified as the last of the primary sites to be established.

7. An OMB analysis of the President's Fiscal Year 2007 Budget shows that 41% (or \$17.3 billion) of the \$42.6 billion DHS budget is obligated for contractual services and supplies. Why is DHS relying so heavily on Contractors to perform its vital functions?

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**Response:** The Congress establishes the Federal FTE count for the Department of Homeland Security in the annual appropriations language each fiscal year. When the Department was created, the President and Members of Congress expressed their intent that the Department rely significantly on private sector services as appropriate to contribute to delivery on mission objectives.

8. Only a small percentage (19.1%) of contracts related to Hurricane Katrina were awarded through full and open competition. Of the \$17.3 billion that is estimated to be obligated for contractual services and supplies, what dollar value in contracts do you estimate will be awarded through a full and open competitive process?

**Response:** The Department estimates that at least 75 percent of the Department's direct procurements will be awarded through full and open competition -- the same percentage as was awarded during FY 2005. While the contracts awarded during Katrina activities included many large contracts awarded under the exception for unusual and compelling urgencies, the overall level of contracting through the use of full and open competition throughout FY 2005 is more reflective of future expectations.

9. DHS uses contractors to provide contract support functions. For example, a Virginia-based company, Acquisition solutions Inc., is providing contract support to FEMA for Katrina-related work. DHS awarded two contracts to this company September 30, 2005 through a non-competitive process. The total value of these contracts is \$745,389.

A. Why is DHS relying on contractors to provide contract support functions?

**Response:** As can be seen in the table provided below, there is still a severe shortage of qualified contracting personnel at the Department, as there is throughout the Government. While the Department made great strides in recruiting into the GS 1102 ranks and Congress has granted an increasing number of FTE for work in the various DHS Components, due to the nationwide shortage of trained contracting personnel the Department has struggled to fill those positions. In such a case, it becomes imperative to hire contracting support to fill the gaps while recruitment continues.

B. How many FTEs work in procurement departments at DHS?

**Response:** Please see table.

| Component | FY-06<br>Authorized | FY-06<br>On-Board<br>as of<br>3/31/06 | FY-07<br>Authorized |
|-----------|---------------------|---------------------------------------|---------------------|
| TSA       | 125                 | 89                                    | 125                 |
| OPO       | 127                 | 92                                    | 220                 |
| ICE       | 64                  | 56                                    | 96                  |

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|              |            |            |             |
|--------------|------------|------------|-------------|
| USCG         | 339        | 294        | 339         |
| FLETC        | 40         | 31         | 41          |
| FEMA         | 29         | 38         | 78          |
| CBP          | 153        | 130        | 183         |
| USSS         | 25         | 18         | 25          |
| USCIS        | 12         | 10         | 12          |
| <b>Total</b> | <b>914</b> | <b>758</b> | <b>1119</b> |

C. Do you anticipate a need to continue using contractors to support DHS in its procurement of contractor services and supplies?

**Response:** Yes.

**Questions from Senator Mark Dayton**

1. You testified that a comprehensive strategy is necessary to combat the flow of illegal drugs into our country, transported oftentimes by illegal immigrants. How many people, in actual numbers, do you expect would be necessary to implement this comprehensive strategy successfully?

**Response:** The President's FY 2007 Budget provides the Department with \$3.3 billion in National Drug Control Funds. These funds will allow us to build on our tremendous progress in supporting the National Drug Control Strategy. Thousands of people from Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE) and the United States Coast Guard (USCG) support the Department's counter-narcotics activities.

2. What level of funding do you need budgeted yearly to fight the flow of illegal drugs at full strength across all departments providing prosecution, enforcement, user education, and interdiction efforts? Is the budget this year adequate?

**Response:** The President's FY 2007 Budget provides \$12.7 billion for all drug control agencies, and reflects the Administration's ongoing strong commitment to our mission and provides the funds needed to support our short term and long term priorities.

3. You testified that to fight illegal drugs in the United States, you've got to fight both demand within the country and also the flow of the drugs coming into the country. Specifically, you said, "You've got to do everything at once." In your estimation, how can we successfully accomplish this task of attacking both sides of the problem at the same time? Should more funding and focus be given to drug prevention within our borders?

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**Response:** The National Drug Control Strategy outlines a balanced and integrated plan for stopping drug use before it starts, healing drug users, and disrupting the illicit drug market. The Department supports this Strategy with domestic and international counter-narcotics activities targeted at investigating and disrupting illicit drug production and smuggling operations.

**Questions from Senator Daniel Ken Akaka**

1. When you appeared before this Committee on February 15, 2006, to discuss Hurricane Katrina, I told you about my concern that U.S. Pacific Command (PACOM), which is responsible for protecting my home state of Hawaii, does not possess the same homeland defense expertise and enjoy the same relationship with the Department of Homeland Security (DHS) as U.S. Northern Command (NORTHCOM). At that time, you told the Committee that one of the Department's responses to Hurricane Katrina will be increased coordination with NORTHCOM.

Is there any additional funding in the fiscal year 2007 budget proposal for this coordination with NORTHCOM, and will PACOM be included?

**Response:** There are no specific line items or programs that specifically set aside money for "improved coordination" with U.S. Northern Command (NORTHCOM) and U.S. Pacific Command (PACOM).

There has been significant increased coordination with NORTHCOM and PACOM. The Secretary visited PACOM on 25 March 06, to discuss better coordination as well as events along the Pacific Rim. PACOM, the USCG, CBP, ICE, TSA, and other DHS agencies on Hawaii have a stellar reputation for close interagency coordination, planning, and support. TOPOFF 4 offers an opportunity for Pacific Command (PACOM) and the Department of Homeland Security (DHS) to exercise together as a result of Guam participating as a domestic venue.

Additionally DHS and NORTHCOM have been working together in preparation for the 2006 Hurricane season by developing Pre-Scripted Requests for Assistance (DHS to DoD), and participating in joint incident response exercises. NORTHCOM (Army North) is placing Defense Coordinating Officers (DCOs) in each of the FEMA regional offices. DHS, NORTHCOM, and PACOM, through steps such as these, have increased coordination and strengthened the security of the homeland.

2. The fiscal year 2007 budget proposes a \$100 million increase to the Pre-Disaster Mitigation (PDM) Grant Program. I welcome this long-overdue increase. You have also proposed an increase of 40 FTEs to administer the PDM grant. This is for a grant program that has been running for three years.

What is the justification for adding so many additional staff to administer a program which should already be functioning? Won't this reduce some of the funds available for the grants award?

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**Response:** Congress authorized 55 FTE for the Pre-Disaster Mitigation (PDM) grant program when FEMA was directed to establish PDM as a nationally competitive program. A 3 percent administrative allowance was authorized as part of the appropriations for the program. During the first three years of the program, FEMA invested much of the 3 percent in launching the program. The funds were used to develop systems and processes to manage a competitive grant process. However, FEMA is now able to use the 3 percent administrative allowance to hire dedicated PDM staff. The additional staff will accelerate the final approval and obligation of grant funds. Based on funding available in FY2006, FEMA will hire up to 15 staff for PDM this year. FEMA may hire additional staff in FY2007, depending upon the amount of PDM fund appropriated. All positions will be funded using the administrative allowance authorized and, therefore, will not reduce the funds available for grant awards.

3. One of my primary concerns with creating DHS was that critical expertise would be lost when the border inspection component of the Animal and Plant Health Inspection Service (APHIS) was moved from the Department of Agriculture to Customs and Border Protection (CBP). Unfortunately, CBP has not prioritized its agriculture inspection mission, and as a result many of the legacy APHIS inspectors have left.

Your budget asks for \$281 million to hire 1,500 additional Border Patrol Agents. Is there any funding in the CBP portion of the budget request dedicated to replenishing the agriculture expertise in CBP?

**Response:** The President's budget does not request additional Agricultural Specialists, however CBP currently (as of March 18, 2006) has 1,892 full-time permanent Agricultural Specialists on-board, an increase of 450 over the level at the close of FY 2004. After a slight decrease in Agricultural Specialists on-board between the end of FY 2003 and FY 2004, CBP hired up to and slightly beyond its target level of 1,872 Agricultural Specialists in FY 2005 and is committed to maintaining its target level in support of its agricultural mission.

4. In a speech before the National Emergency Management Association, Frances Townsend, the President's advisor on homeland security, stated that, "grants should be invested based on risk - from natural disaster or terrorism," and that "federal monies should be tied to building capabilities that mitigate the risk that you face." Yet the Department's grant policy does not seem to match this rhetoric. It is my understanding that under the new grant allocation model, the Department will not award grants based on the risk of a natural disaster - only risk of a terrorist attack.

Would you please clarify for the record the Administration's policy?

**Response:** In the Fiscal Year (FY) 2006 model, risk is treated as a function of three variables: 1) threat, or the likelihood a type of attack might be attempted; 2) vulnerability, or the likelihood that an attacker would succeed; and 3) consequence, or the impact of an attack occurring. Fundamentally, the FY 2006 methodology addresses two separate, but complementary, types of



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risk: asset-based risk and geographically-based risk. Considered together, these two calculations provide an estimate of total terrorism risk, evaluating both risks to assets as well as risk to populations and geographic areas.

The intent of the programs supported by this effort from their statutory inception has been focused on enhancing capabilities to address chemical, biological, radiological, nuclear, and explosive (CBRNE), agriculture, and cyber terrorism incidents. While natural disaster risk was not factored into the risk analysis for FY 2006, many of the capabilities built at the State, regional, local, and tribal level using funds from these grants have applicability to natural disasters as well. Moreover, drawing on lessons learned from the past hurricane season and concerns over the risk of a pandemic flu outbreak, the range of activities allowed in FY 2006 as part of program implementation for the State Homeland Security Program and the Urban Areas Security Initiative has been expanded to include catastrophic events, provided that these activities also build capabilities that relate to terrorism.

5. I am concerned that DHS may be too dependent on outside contractors to perform critical functions that should be the purview of a career civil service. For example, as FEMA works to better coordinate its response to disasters, there is a need to build that capacity into a career workforce and instill institutional knowledge rather than hiring contractors to perform that function.

Is each component of DHS required to develop a human resource management plan, and do the individual components have plans to transition from full-time contract personnel to career staff?

**Response:** Components are required to develop a workforce plan. Such plans would include how the component plans to address hiring and attrition issues. There is no provision for transitioning contract personnel (full-time or otherwise) to career staff. Hiring laws and regulations are governed by merit systems principles that require fair and open competition for Federal career positions. Contract personnel, like any other U.S. citizens, are free to apply and be considered for Federal career positions. Their qualifications and suitability for Federal career positions are considered against the specific job related criteria of the positions for which they apply. However, contractor personnel receive no preferential consideration for Federal career positions as this would be counter to merit systems principles and, depending on the circumstances of a specific case, a prohibited personnel practice.

6. I would appreciate your providing the Committee with the number of contractors working full-time for each component of DHS for both FY05 and FY06, for the record.

**Response:** DHS does not track contractor FTE because we often acquire support on a fixed price basis or based on performance objectives. The number of personnel the contractor employs is not relevant since we are paying for a deliverable rather than man-hours. In those instances where DHS is acquiring a specific "level of effort" or man-hours, contractors may use several employees to accomplish tasks that total the number of man-hours in one FTE. Thus, it is not possible to track or provide this information.

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7. The Emergency Management Performance Grant program (EMPG) is the only source of federal funding to states and localities to assist with planning for natural disasters. In the wake of Katrina, many states are using EMPG funds to create and update plans for: receiving and distributing commodities after a disaster, debris removal, and evacuation. Despite the need for these planning activities, the President has proposed cutting EMPG by \$15 million.

Given the lessons of Hurricane Katrina, how do you explain cutting the one program that helps maintain a consistent emergency management capability in every state?

**Response:** Although the President's budget request calls for a slight decrease in the Emergency Management Performance Grant (EMPG) funding, the Department feels confident that other funds within the Homeland Security Grant Program (HSGP) will be able to supplement existing needs within the States and territories. For example, many emergency management personnel across the country are engaged in planning efforts for responding to catastrophic events. Those same planning activities are allowable cost under the State Homeland Security Program and Urban Area Security Initiative within the larger HSGP.

The Department understands that overall, resources levels are shrinking across the Federal government, and we call upon our State and local partners to leverage all available funding sources in addressing their homeland security and emergency management needs.

8. The Domestic Nuclear Detection Office (DNDO) was established last year after a last minute change in the fiscal year 2006 budget submission to improve the nation's capability to detect and report on nuclear and radiological material that could be used by terrorists. DHS has also established the Homeland Infrastructure Threat and Risk Analysis Center (HITRAC) to evaluate terrorist threats to the nation's critical infrastructure and key resources. These are both critical missions, but I am not entirely convinced that DNDO and HITRAC are working together to fuse critical information and intelligence that relates to critical infrastructures and key resources.

Can you describe the relationship between the DNDO and HITRAC? Shouldn't infrastructure vulnerabilities be part of the process by which DNDO prioritizes its allocation of research resources?

**Response:** The DNDO, through the DHS Office of Intelligence and Analysis, receives all output products from HITRAC as part of the DNDO operations support mission. In particular, the DNDO Joint Analysis Center has been tasked with providing overall situation awareness, including both detection data and intelligence products such as those developed by HITRAC. In addition, the DNDO, as required, can task HITRAC to conduct additional analyses tailored to DNDO-specific requirements

9. I understand that the Coast Guard will be taking over air defense for the National Capital Region (NCR). To facilitate this transfer, you've requested more than \$62 million to develop

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this air defense capability for the Coast Guard. This funding will also provide the Coast Guard with five additional aircraft to perform this critical mission within the NCR airspace.

With the Coast Guard now responsible for this mission instead of CBP, will there be any increase in air defense capabilities for the NCR for this higher price tag, and can the people of the NCR expect an additional level of security as a result of this funding?

**Response:** USCG has assumed responsibility for DHS's support to DoD's National Capital Region Air Defense (NCRAD) mission. To effect this, DHS and the Department of Defense have signed a Memorandum of Agreement that provides for how the U.S. Coast Guard will support and be engaged in the NCRAD mission; subsequently, DoD assesses that air defense will improve by virtue of the improvements to command and control as USCG assets will be operating fully under DoD control, acting as an armed force under Title 10 U.S. Code authority. This was not legally possible when CBP supported the NCR mission. This ability will facilitate a seamless of USCG assets and integration into NORAD operations.

USCG may also conduct air security / law enforcement missions as long as it doesn't interfere with their air defense support to DoD. These missions may be conducted to support the FBI and Secret Service in the execution of their responsibilities. Once engaged, the Coast Guard will assist these agencies with their air security responsibilities under Title 14 U.S. Code.

The Coast Guard is working closely with all agencies in the National Capital Region Coordination (NCRCC) to ensure unity of effort and mission effectiveness within the National Capital Region. The Coast Guard's entry into the NCRAD mission will benefit the residents and general aviation pilots by providing a more efficient, safe, and effective response in the air defense mission.

10. The budget proposal requests \$281 million to hire 1,500 additional Border Patrol Agents, which would bring the total number of agents to approximately 13,800. This committee has been advised by CBP that 18,000 to 20,000 Border Patrol Agents are the target number of agents which represents nearly a 100 percent increase September 11, 2001.

Would you share with us how this additional manpower will be utilized and where these additional agents will be deployed? How soon will the target number of agents be reached?

**Response:** CBP Border Patrol, using a threat-based approach, has identified seven focus sectors containing corridors deemed to be high risk for terrorists attempting illegal entry into the U.S. These focus sectors will receive priority when resources are deployed under the SBI. The three southern border focus sectors are Tucson, Yuma, and El Paso, which are located in the states of Arizona, New Mexico, and western Texas. These sectors were identified because they accounted for 60 percent of all apprehensions and 58 percent of all drug seizures made by CBP Border Patrol on the southern border. In Fiscal Year 2007, CBP Border Patrol projects the following staffing plan for the southern border: fifteen percent of new agents will be deployed to California; twenty-seven percent of new agents will be deployed to Arizona; sixteen percent of

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new agents will be deployed to New Mexico; and forty-two percent of new agents will be deployed to Texas. The four northern border focus sectors are Buffalo, Swanton, Detroit, and Blaine, which are located in the states of New York, Vermont, Michigan, and Washington. These sectors were identified because of their proximity to Canadian population centers, the number of known extremist groups in Canada, and access to major cities and potential terrorist targets within the United States. In Fiscal Year 2007, CBP Border Patrol, projects the following staffing plan for the northern border: only journeymen agents staff the northern border; northern border enhancements are achieved through transfers; ten percent of the FY2007 appropriations will be targeted for the northern border; and focus sectors will receive priority staffing.

11. Your budget proposal seeks funds for the formation of a CBP Fraudulent Document Analysis Unit. However, I understand that Immigrations and Customs Enforcement (ICE) already has significant capabilities in this area.

Why do you believe CBP should have a duplicate unit for analyzing fraudulent documents when ICE already has the expertise and funding for this type of investigation?

**Response:** The CBP Fraudulent Document Analysis Unit (FDAU) and the ICE Forensic Document Laboratory (FDL) are complementary units within DHS. The FDAU is a repository of all fraudulent documents seized at U.S. ports of entry. This unit is responsible for the accountability, agency use, destruction, and return of these documents to the appropriate issuing authorities. The FDAU provides documents to the FDL, the Federal Law Enforcement Training Center, and to ports of entry for training purposes. The FDL is an accredited forensic laboratory, with document and fingerprint examiners, intelligence officers, and forensic photographers. The mission of the FDL is to provide expert forensic examination, while at the same time using remote services technology to support efforts to combat terrorism and to prevent document exploitation. The FDAU is not a forensic laboratory and does not provide expert testimony for administrative and judicial purposes.

12. The budget proposal requests \$60 million to fund 178 positions for the Fugitive Operations Unit in ICE, which according to DHS, will lead to the apprehension of an additional 9,000 fugitive aliens.

What is the basis for this projection, and do you anticipate that this will be an annually funded program?

**Response:** The FY 2007 budget request includes 18 new Fugitive Operations teams (126 positions) and \$60 million. ICE uses a budget model which takes into account the costs of the teams, the number of additional apprehensions each team is expected to make, the length of time the aliens apprehended will remain in custody, the bed space needed to house the apprehended aliens, the number of full time employees (FTEs) needed to manage the additional beds, and the costs associated with removing the apprehended aliens.

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Each Fugitive Operations team has an annual target goal of 1,000 alien apprehensions per year. Therefore, an additional 18 teams, once on-board and operational, can be expected to apprehend an additional 18,000 fugitive aliens. The budget assumes that these positions will be on-board for one-half of the fiscal year, with a start date of April 1. Thus, the additional Fugitive Operations teams will apprehend 500 aliens per team for a total of 9,000 apprehensions for that year. The 9,000 apprehensions will generate a need for 700 beds and 52 positions to manage those beds and effect the removal of the fugitives apprehended.

13. ICE is requesting \$42 million for 171 new Special Agent positions and 35 support positions for expanded worksite enforcement efforts. To date, ICE has not prioritized worksite enforcement.

Does this funding represent a renewed commitment by ICE to worksite enforcement?

**Response:** ICE recognizes that effective worksite enforcement must be a core part of an effective interior enforcement strategy. Accordingly, the Office of Investigations (OI) has prioritized its worksite enforcement program based on the overall mission of preventing harm to the United States and ensuring public safety. With the requested enhancements, ICE will augment increase its worksite enforcement efforts. As such, the number of criminal investigations and forfeitures has increased during the last couple of years.

As part of SBI, ICE wants to decrease the number of illegal aliens in the United States. Overall enhanced worksite enforcement activity will increase the likelihood that violations will be discovered, thereby creating a deterrent for employers who hire unauthorized workers. Such deterrence will in turn discourage aliens from entering or remaining in the country illegally.

14. The Office of Personnel Management (OPM) reported last year that there is no student loan repayment program at DHS. As you know, the student loan repayment program is an important recruitment and retention incentive. When I asked about this issue during your confirmation hearing, you said you would review the adequacy of DHS's student loan repayment program and remove any unnecessary restrictions limiting its use.

Does DHS have a student loan repayment program, and if so, can you tell me how much money is dedicated to the program and the criteria used to award loan repayments?

**Response:** As we reported to the Office of Personnel Management in December 2005, DHS components are using the Student Loan Repayment program. During fiscal year 2005 (FY 2005), 18 of these incentives, totaling \$160,000, were provided to employees by DHS components. We anticipate that use of the authority will increase during FY 2006.

Funds for incentive programs, such as student loan repayment, are not budgeted independently, but are included with other benefit costs (object class 12.1), some of which, such as the student loan repayment program, can be used optionally.

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Decisions on awarding student loan repayments must be based on identified recruitment or retention difficulties. The authority to repay student loans is one of a number of flexibilities -- including recruitment, relocation, and retention incentives -- that DHS uses to hire and retain desired employees. Supervisors and managers are able to select the incentive that best addresses each particular recruitment or retention situation.

Additionally, we are participating in a series of meetings on the student loan repayment program conducted by OPM, in an effort to learn what other agencies are doing to increase participation and to administer it more efficiently.

15. In 2005, the Government Accountability Office (GAO) reported that the TSA did not fully disclose to the public its use of personal information within the Secure Flight program -- a direct violation of the Privacy Act. It is my understanding that the Chief Privacy Officer at DHS was working on its own evaluation of the incident. This is the report I wrote to you about in January of 2006.

Has the Chief Privacy Officer completed a review of this incident and, if so, what are the findings of that report?

**Response:** The Privacy Office has completed its report on the Secure Flight matter and it has undergone internal clearance. We hope that the report will be publicly available in the near future.

16. I pleased to see that DHS has created a Chief Learning Officer position to support the establishment of a continuous learning environment.

How much does DHS request for the Chief Learning Officer to train employees?

**Response:** The Chief Learning Officer will have broad management responsibility for training DHS employees with a requested FY 2007 budget allocation of well over \$19,000,000.

\$3,336,321 of this will come from the Working Capital Fund and be used to

- (1) Establish and support a DHS Senior Executive Service Candidate Development Program (\$520,370);
- (2) Convene a Secretary's Senior Leadership conference for DHS Executives (\$100,000);
- (3) Continue DHS Headquarters Executive Leadership Development programs (\$430,951); and
- (4) Design and implement an e-Learning initiative for DHS Headquarters (\$2,285,000).

In addition, the Chief Learning Officer will administer approximately \$16,150,000 in appropriated funds to provide MAX<sup>HR</sup> training for employees, supervisors and managers.

These figures do not include additional training funds that are budgeted by individual DHS components.

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17. Many agencies, including the Coast Guard, have formal mentoring programs to nurture and develop future leaders. These programs serve as invaluable career and professional development tools which increase performance, morale, and ultimately retention.

Does DHS have any plans to establish formal mentoring programs for its employees, and if so, how much funding will be dedicated to these programs?

**Response:** Plans are currently underway to implement a formal mentoring initiative as a part of the DHS Executive Leadership Development programs and will be done within existing resources

18. During a hearing before the Senate Commerce Committee in February of 2006, GAO testified that TSA was not able to estimate life-cycle costs and out year costs for the Secure Flight program. GAO further reported that TSA was not following its own established development process for programs of this scale, and was not conducting periodic reviews to evaluate program efficiency.

Can you tell me if these problems have been addressed and the projected life-cycle costs for Secure Flight and air carriers to update their systems to be in compliance with the program?

**Response:** The Transportation Security Administration (TSA) is addressing the issues identified by GAO in February through a comprehensive re-baselining of the Secure Flight program. An integrated master schedule has been developed that incorporates all phases and required documentation in accordance with the TSA System Development Life Cycle (SDLC) methodology. Projected life cycle costs have been estimated for the re-baselined program and will be managed through a comprehensive program management process, including regular reviews for each SDLC phase. At this time, we are working with air carriers to evaluate their costs, as part of the economic evaluation of the draft Secure Flight proposed regulation.

### Question from Senator Mark Pryor

1. I want to bring to your attention a small item in your budget but one that I believe is receiving shortsighted budget cuts. The DPETAP program, or Domestic Preparedness Equipment Technical Assistance Program, operates out of Pine Bluff but really carries out its work all over the country. The DPETAP staff goes to nearly every state in the Union and train first responders in the proper use of their many types of equipment, equipment that has frequently been paid for by DHS. There is near-unanimous agreement that this is an efficient, well run, and valuable program, but due to changing priorities at the Department its budget has gone from \$15 million in 2005 to \$5 million this year. Personnel layoffs have already begun. There was more than enough money in its account for FY06 to fund it fully, or at least not to gut it.

I would greatly appreciate it if you would look for some way to increase DPETAP's 2006 allocation, and to consider moving it from a technical assistance account to a training account, which would make it eligible for additional funds, and which would really be the most

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appropriate account anyway. Training is really the primary activity at DPETAP, and one we should not be cutting back on when it has proven so valuable. Please let me know your conclusions on this matter.

**Response:** The Department's Office of Grants and Training (G&T), part of the Directorate for Preparedness, manages the Domestic Preparedness Equipment Technical Assistance Program (DPETAP), a comprehensive, national technical assistance program for emergency responders. Specifically, DPETAP provides onsite technical assistance to assist emergency responders nationwide to better choose, operate, and maintain their chemical, biological, radiological, nuclear, and explosive (CBRNE) detection and response equipment. Technical assistance is provided by DPETAP Mobile Technical Assistance Teams at no cost to the requesting jurisdiction.

DPETAP funding for Fiscal Year (FY) 2006 was reduced substantially; however, this reduction was not the result of performance or delivery issues. The reduction in funds was solely the result of budget constraints within G&T for the current fiscal year. From FY 2005 to FY 2006, the G&T technical assistance budget was reduced by over 50 percent, resulting in the reduction of all technical assistance services and the termination of many of these services. Despite the budgetary constraints, G&T considers DPETAP a critical element of the strategy to strengthen State and local preparedness. The FY2006 DPETAP allocation comprises 25 percent of the total FY 2006 technical assistance budget, clearly demonstrating the importance and priority of the service to G&T. Increasing the DPETAP allocation to more than 25 percent of the total technical assistance budget would force the Technical Assistance Division (TAD) to eliminate other services that have measurably contributed to enhancing preparedness capabilities of State and local jurisdictions nationwide.

It is not recommended that managerial responsibility for DPETAP transition from a technical assistance account to a training account as this action would significantly limit the effectiveness of the program. DPETAP is considerably more encompassing than training alone. The program incorporates a holistic approach that synchronizes all aspects of equipment into a larger preparedness strategic framework. In addition to assisting jurisdictions in the proper use of detection and response equipment, DPETAP service deliveries also assist jurisdictions in the following manners: evaluating current equipment caches to identify gaps, shortfalls, and redundancies; prioritizing future equipment purchases; and appropriately synchronizing equipment caches into Homeland Security Strategic Plans. These efforts can only be conducted via TAD management. Lastly, the movement of DPETAP to a training account does not guarantee additional funding for the program as all G&T programs are limited by budget parameters and competing priorities.